

BASE PROSPECTUS



BANCO BPM S.p.A.

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

CERTIFICATES PROGRAMME

This base prospectus (the "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as amended (the "**Prospectus Regulation**"). Under the terms of this Certificates Programme (the "**Programme**"), BANCO BPM S.p.A. ("**BANCO BPM**" or the "**Issuer**" or the "**Bank**"), may from time to time issue certificates (the "**Certificates**" or the "**Securities**"). The Certificates have remuneration amounts and/or early redemption amounts and/or redemption amounts which are dependent on the performance of one or more underlyings (each an "**Underlying**") which may be (i) indices or baskets of indices (provided that any of such indexes will not be composed by the Issuer or by any legal entity belonging to the same group), (ii) shares or baskets of shares, (iii) exchange rates or baskets of exchange rates, (iv) future contracts or baskets of future contracts, (v) commodities or baskets of commodities, (vi) interest rates or baskets of interest rates, (vii) funds or baskets of funds and (viii) any combination of the above. The Issuer is under no obligation to hold an Underlying and holders of Securities will have no beneficial interest or any other rights in relation to any Underlying.

Each issue of Certificates will be made on the terms set out herein under "*Terms and Conditions of the Securities*" (the "**Conditions**") and in the form of the relevant final terms document (the "**Final Terms**"). Securities may be issued in bearer form ("**Bearer Securities**") or in bearer, uncertificated and dematerialised book-entry form in accordance with the applicable provisions of Italian law, regulations and operating procedures applicable to and/or issued by the relevant Italian central securities depository ("**Italian Dematerialised Securities**").

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg *loi relative aux prospectus pour valeurs mobilières* dated 16 July 2019 as amended (the "**Prospectus Law 2019**"), which implements the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**"), to approve this document as a base prospectus.

This Base Prospectus has been approved by the CSSF, as competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this Base Prospectus; investors should make their own assessment as to the suitability of investing in the Securities. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer in line with the provisions of Article 6 (4) of the Prospectus Law 2019.

Application has also been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be admitted to trading on (i) the Luxembourg Stock Exchange's regulated market (the "**Luxembourg Stock Exchange Regulated Market**") (including the professional segment of the regulated market of the Luxembourg Stock Exchange) and to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and (ii) the multilateral trading facilities, EuroMTF, of the Luxembourg Stock Exchange (including the professional segment of the EuroMTF) (the "**EuroMTF**"). The Luxembourg Stock Exchange Regulated Market is a regulated market for the purposes of the Directive 2014/65/EU, as amended ("**MiFID II**"). The EuroMTF is not a regulated market for the purposes of the Directive 2014/65/EU, as amended, but it is subject to the supervision of the CSSF. The CSSF has neither reviewed nor approved any information in this Base Prospectus concerning the Securities admitted to trading on the EuroMTF. The CSSF assumes therefore no responsibility in relation to the issues of Securities admitted to trading on the EuroMTF.

The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such further or other stock exchanges or markets as the Issuer may determine. The applicable Final Terms will specify whether or not Securities are to be listed on the Luxembourg Stock Exchange and/or any other stock exchange(s). The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a loss of all or part of the purchase price of their Securities. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional

advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Securities and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See Section *Risk Factors*. The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Securities will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (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 Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Final Terms in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Securities 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 (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive 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 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 Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

Amounts payable under the Securities may be calculated or otherwise determined by reference to one or more underlyings that may constitute “benchmarks” for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the “**Benchmark Regulation**” or “**BMR**”). If any such underlying does constitute such a benchmark the applicable final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of the BMR. Not every underlying will fall within the scope of the Benchmark Regulation. Furthermore, pursuant to article 51 of the BMR, transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark (i.e. a benchmark which has been recognised as critical benchmark or a benchmark whose administrator is based in a non-EU jurisdiction and does not satisfy the “equivalence” conditions (according to Article 30 of the BMR) or is not “recognised” pending such an equivalence decision (according to Article 32 of the BMR) or is not “endorsed” for such purpose (according to Article 33 of the BMR)) is not required to appear in the register of administrators and benchmarks at the date of the applicable final terms. The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable final terms to reflect any change in the registration. status of the administrator.

The Securities are being offered and sold outside the U.S. to persons that are not U.S. persons (as defined in Regulation S (**Regulation S**) under the Securities Act) in reliance on Regulation S. No Securities of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in or into the

United States or to, or for the account or benefit of, any U.S. person and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. The Securities may not be legally or beneficially owned at any time by any U.S. person. For a description of certain further restrictions on offers and sales of the Securities and on the distribution of this Base Prospectus, see "*Offering and Sale*" below. The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Securities or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Base Prospectus is dated 12 March 2024.

This Base Prospectus is valid for a period of twelve months from the date of its approval (i.e. 12 March 2025). For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies when this Base Prospectus is no longer valid.

PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Base Prospectus.

To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus does not contain statements or reports issued by experts with the exception of the reports of the Independent Auditor that carried out the audit of the Issuer's annual financial statements for the financial years as at 31 December 2022 and 31 December 2021.

This Base Prospectus does not contain any third party information, except for the rating information set out in the Section “Credit ratings assigned to the Issuer” below. The Issuer declares that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of such information are the international agencies Moody’s Investors Service (“Moody’s”) through Moody’s France SAS, Fitch Ratings (“Fitch”) through Fitch Ratings Ireland Limited, DBRS Morningstar (“DBRS”) through DBRS Ratings GmbH and S&P Global Ratings (“S&P”) through S&P Global Ratings Europe Limited.

Subject as provided in the relevant Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Securities are the persons named in the relevant Final Terms as the relevant Manager(s) and the persons named in or identifiable following the applicable Final Terms as the Authorised Offeror(s), as the case may be.

Copies of Final Terms will be available at the registered office of the Issuer and, in respect of Securities which are not Italian Dematerialised Securities, also at the specified office set out below of the Issuing and Paying Agent (as defined below).

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below), with any supplements hereto and, in relation to any Securities, should be read and construed together with the applicable Final Terms. This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

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

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor

contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no material adverse change in the prospects of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented. Investors should review, inter alia, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Securities.

A description of the Final Terms is set out herein at Section "Form of Final Terms" and will specify with respect to the issue of Securities to which it relates, inter alia, the specific designation of the Securities, the aggregate number and type of the Securities, the date of issue of the Securities, the issue price, the credit event of the specified entity or entities to which the Certificates relate, certain other terms relating to the offering and sale of the Securities including whether they bear remuneration and the exercise date.

The applicable Final Terms will (if applicable) contain information relating to the underlying asset, index or other item(s) (each an Underlying) to which the Securities relate and which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to an Underlying will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Underlying. The Issuer will, unless otherwise expressly stated in the applicable Final Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlying, no facts have been omitted that would render the reproduced inaccurate or misleading, but the Issuer does not accept any further or other responsibility in respect of such information.

As specified in the applicable Final Terms, each issue of Securities will entitle the holder thereof to receive a cash amount from the Issuer calculated in accordance with the Conditions on such terms as are set out in the Conditions, all as set forth in the Conditions.

Bearer securities 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 United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 as amended (the "Code") and the U.S. Treasury regulations promulgated thereunder. The Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act except in certain transactions exempt from the registration requirements of the Securities Act. See "Offering and Sale".

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Securities outside the European Economic Area or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities in the United States and the European Economic Area (including Luxembourg, Austria, France, Germany, Ireland, Netherlands, Republic of Italy). See “Offering and Sale” Section.

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

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Securities in any Member State of the European Economic Area (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Regulation, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of Securities which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Securities may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or publish a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 1 of the Prospectus Regulation in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

In connection with the issue of any Securities, the person or persons (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Securities and 60 days after the date of the allotment of the relevant Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

All references in this document to: “Euro”, “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; “U.S. dollars”, “U.S.\$” and “\$” refer to United States dollars being the currency of the United States of America; “Sterling” refers to the currency of the United Kingdom; “Yen” refers to the currency of Japan.

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

The Securities of each issue may be sold by the Issuer and/or any Manager at such time and at such prices as the Issuer and/or the Manager(s) may select. There is no obligation upon the Issuer or any Manager to sell all of the Securities of any issue. The Securities of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer.

PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION CONTAINED OR REFERRED TO IN THIS BASE PROSPECTUS IS NOT INTENDED TO BE RELIED UPON BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; AND (B) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Securities, the applicable Final Terms. The Issuer may determine that Securities shall be issued in a form other than that contemplated in the Terms and Conditions, in which case, in relation to listed Securities only and if appropriate, a supplement to this Base Prospectus will be published.

Words and expressions defined in the Terms and Conditions of the Securities and in the remainder of this Base Prospectus shall have the same meanings in this overview.

Issuer:	BANCO BPM S.p.A.
Name of the Programme:	Certificates Programme
Issuing and Paying Agent:	<i>For <u>Bearer Securities</u></i> BNP PARIBAS, Luxembourg Branch <i>For <u>Italian Dematerialised Securities</u></i> BANCO BPM S.p.A.
Luxembourg Listing Agent:	BNP PARIBAS, Luxembourg Branch
Calculation Agent:	The Issuer or such other calculation agent specified in the applicable Final Terms.
Settlement Currencies:	Euro, U.S. dollars or any other currency or currencies selected by the Issuer, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Issue Price:	Certificates may be issued at such price as shall be determined by the Issuer or any Manager appointed in respect of the issue subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issue Price will be specified in the applicable Final Terms.
Offer Price:	Certificates may be offered at such price as specified in the applicable Final Terms. The Offer Price may be equal to the Issue Price, or such other price as specified in the applicable Final Terms.
Form of Securities:	<i><u>Bearer Securities</u></i> Each issue of Bearer Securities will, on issue, be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable either, in accordance with its terms, for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Italian Dematerialised Securities

Italian Dematerialised Securities will be issued in bearer (*al portatore*), uncertificated and dematerialised book-entry form into Monte Titoli S.p.A. (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy, or any successor clearing system thereto) ("**Monte Titoli**") pursuant to Italian legislative decree no. 58/1998, as amended and implemented and subsequent implementing provisions ("**Italian Dematerialised Securities**"). Italian Dematerialised Securities will not be issued in definitive form. However, the holder still has the right to obtain the release of the certificate pursuant to articles 83-*quinquies* and 83-*novies*, paragraph 1, letter b), of the Italian legislative decree no. 58/1998 as amended and integrated by subsequent implementing provisions.

Type of Securities (Product Types) and return on Securities:

The Issuer may issue Certificates of the following Product Types: Equity Protection Certificates, Reverse Equity Protection Certificates, Equity Protection Alpha Certificates, Equity Premium Certificates, Reverse Equity Premium Certificates, Standard Certificates, Bonus Certificates, Reverse Bonus Certificates, Twin Win Certificates, Reverse Twin Win Certificates, Long Benchmark Certificates, Short Benchmark Certificates, Long Outperformance Certificates, Short Outperformance Certificates, Constant Leverage Certificates and Butterfly Protection Certificates.

The Certificates entail Securityholders to receive a Cash Settlement Amount at the Maturity Date, or the relevant Early Redemption Amount upon occurrence of the relevant Early Redemption Event.

During the life of the Certificates, one or more amounts may be provided as described in the Conditions and specified in the applicable Final Terms.

The amounts in respect of the Certificates will be calculated by reference to one or more specified indices or one or more baskets of indices (provided that any of such indexes will not be composed by the Issuer or by any legal entity belonging to the same group), one or more specified shares or one or more baskets of shares, one or more specified exchange rates or one or more baskets of exchange rates, one or more specified future contracts or one or more baskets of future contracts, one or more specified commodities or one or more baskets of commodities, one or more specified interest rates or one or more baskets of interest rates, one or more specified funds or one or more baskets of funds.

Settlement:

Settlement will be by cash payment (**Cash Settled Securities**).

Exercise of Certificates:	<p>Each Certificate shall be automatically exercised on the Maturity Date, unless an Early Redemption Event has occurred (if applicable).</p> <p>In the case of Certificates listed on the regulated market of jurisdictions other than Luxembourg, Securityholders may be entitled to waive the automatic exercise in accordance with the specific requirements of such regulated market, as specified in the applicable Final Terms.</p>
Status of the Securities:	<p>The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank, unless provided otherwise by law, <i>pari passu</i> among themselves and, (save for certain obligations required to be performed by law), equally with all other unsecured obligations other than subordinated obligations, if any, of the Issuer from time to time outstanding.</p>
Substitution of the Issuer:	<p>Unless otherwise indicated in the relevant Final Terms, the Issuer is entitled, subject to the Conditions of the Securities, to substitute any other company as principal debtor in respect of all obligations arising from or in connection with any Securities or to change the branch through which it is acting for the purpose of any Securities. Upon any such substitution of the Issuer or branch, the Conditions of the Securities will be amended in all consequential respects.</p>
Categories of potential investors:	<p>Subject to the restrictions and conditions set out in this Base Prospectus under Section "<i>Offering and Sale</i>", the categories of potential investors to which the Securities are intended to be offered are retail, "high net worth" and institutional investors.</p>
Passporting:	<p>In accordance with Article 25 par. 1 of the Prospectus Regulation, the CSSF has been requested to provide the following competent authorities with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation:</p> <ul style="list-style-type: none"> - <i>Finanzmarktaufsicht</i> (FMA) (Austria); - <i>Autorité des marchés financiers</i> (AMF) (France); - <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> (BaFin) (Germany); - Central Bank of Ireland (CBI) (Ireland); - <i>Commissione Nazionale per le Società e la Borsa</i> (CONSOB) (Italy); - <i>Autoriteit Financiële Markten</i> (AFM) (The Netherlands); - <i>Comisión Nacional del Mercado de Valores</i> (CNMV) (Spain).
Listing and Admission to Trading:	<p>Application has been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market (including the professional segment of the regulated market of the Luxembourg Stock</p>

Exchange).

Application has been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the multilateral trading facilities, EuroMTF, of the Luxembourg Stock Exchange (including the professional segment of the EuroMTF).

The Securities may also be unlisted or admitted to listing and trading on such other or further stock exchange or market or trading venues, as the Issuer may specify in the applicable Final Terms.

After the Issue Date, application may be made to list the Securities on other stock exchanges or regulated markets or to admit to trading on other trading venues as the Issuer may decide.

Governing Law:

The Securities and the Agency Agreement (and any non-contractual obligations arising out of or in connection with the Securities and the Agency Agreement) are governed by, and shall be construed in accordance with, English law. Notwithstanding this, (i) the registration and transfer of the Italian Dematerialised Securities in Monte Titoli will be governed by, and will be construed in accordance with, Italian law, (ii) Condition 2 (Status of the Securities), and (iii) Condition 15 (Contractual recognition of Bail-in Power), together with any non-contractual obligations arising out of or in connection with (i), (ii) and (iii), are governed by, and shall be construed in accordance with, Italian law.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of Securities issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay the amounts due under the Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the “Terms and Conditions of the Securities” below or elsewhere in this Base Prospectus have the same meaning in this section.

A) MATERIAL RISKS THAT ARE SPECIFIC TO THE ISSUER AND THAT MAY AFFECT THE ISSUER’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES

Risks related to the impact of global macro-economic factors

Risks related to the impact of global macro-economic factors, the consequences arising from the continuation of the Russia-Ukraine conflict and the onset of the Middle East conflict, and the impact of the geopolitical environment in general

The performance of the Banco BPM Group is influenced by Italian and EU-wide macroeconomic conditions, the conditions of the financial markets in general, and in particular, by the stability and trends in the economies of those geographical areas in which the Banco BPM Group conducts its activity. The earning capacity and solvency of the Banco BPM Group are affected, inter alia, by factors such as investor perception, long-term and short-term interest rate fluctuations, exchange rates, liquidity of financial markets, availability and costs of funding, sustainability of sovereign debt, family incomes and consumer spending, unemployment levels, inflation and property prices. Adverse changes in these factors, especially during times of economic and financial crisis, could result in potential losses, an increase in the Issuer’s and/or the Banco BPM Group’s borrowing costs, or a reduction in value of its assets, with possible negative effects on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

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

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

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

The Italian economy suffered to a relatively greater extent than other Euro area economies from the

economic shock caused by the rise in energy and basic commodity prices: indeed, after sustained growth in the central quarters of 2022, household consumption fell in the last part of the year, as the marked rise in consumer prices had a negative impact on disposable income.

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

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

The general macroeconomic scenario in 2023 has been affected by inflation trends, although there are initial signs of a slowdown in inflationary dynamics, and a deceleration in economic growth. In particular, the uncertainties in the macroeconomic context, such as the persistence of the Russian-Ukrainian conflict, to which are added the fears linked to the influences arising from the start of the Israeli-Palestinian hostilities, are weighing negatively on global economic conditions. Additionally, the effects of a monetary policy that remains restrictive and will see high rates persist for a longer period of time are clearly perceived.

The afore-mentioned uncertain outlook for the Euro area economy is likely to affect the Group’s financial forecasts and estimates, as they require a selection of assumptions and hypotheses that may not necessarily be confirmed by actual future developments.

The increase in official interest rates by central banks has been passed onto the cost of Italian bank loans in 2022 and the first half of 2023. Indeed, an increase in interest rates can be observed both for outstanding amounts and for new loans to households and enterprises. In December 2022, the interest rate on new Italian banks’ Euro loans to households for house purchases was 3.09% (1.40% in December 2021). The average rate on new Italian banks’ Euro loans to non-financial corporations rose to 3.44% at the end of 2022, from 1.18% at the end of 2021. In contrast, in December 2022 the weighted average rate on Italian banks’ total loans to households and non-financial corporations was 3.22% (2.13% in December 2021). Interest rates during the first half of 2023 continued to be affected by the increase in official rates by the ECB. The average rate on bank deposits from customers stood at 0.93% in June 2023 (+0.45% in June 2022), while the average rate on loans in May 2023 was 4.25% (compared to 2.21% in June 2022).

In this context, it should be noted that the direct impact of the Russia-Ukraine conflict on Banco BPM Group is not material, as it has no operations in Russia or Ukraine and no significant credit exposure to customers domiciled in these countries or indirectly related to Russian or Ukrainian counterparties. As at 30 June 2023, these exposures are entirely represented by loans. In fact, the Group’s exposure represented by securities has been reduced to zero as of March 2022, with the sale of the only Russian government bond for a nominal value of Euro 2 million, which resulted in an insignificant loss (Euro 0.1 million). See further the paragraph “*Part A (Accounting Policies) – Impacts of the Russia-Ukraine conflict*” on pages 75-76 of the 2023 Consolidated Interim Financial Report, incorporated by reference in this Base Prospectus.

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

All of these factors, in particular in times of economic and financial crisis, could result in potential losses,

an increase in the Issuer's and/or the Banco BPM Group's borrowing costs, or a reduction in value of its assets, with possible negative effects on the business, financial conditions and/or results of operations of the Issuer and/or the Banco BPM Group.

Risks related to the financial situation of the Issuer and the Group

Risks related to the Strategic Plan

On 11 December 2023 the Board of Directors of Banco BPM approved a new strategic plan for the Group for the period 2023-2026 (the “**2023-2026 Strategic Plan**”), which supersedes the previous strategic plan of the Group for the period 2021-2024 (the “**2021-2024 Strategic Plan**”).

The 2023-2026 Strategic Plan sets out, in qualitative and quantitative terms, the strategies of the Group and contains a set of hypotheses, estimates, projections and forecasts regarding (i) the current macro-economic outlook, including a slowdown in inflationary dynamics, coupled with a substantial stabilisation of economic growth and a normalisation of interest rates, and expected changes in the regulatory environment up to 2026; and (ii) the development of the patrimonial, economic and financial figures based on the occurrence of future events and actions to be adopted by the management and the Board of Directors of Banco BPM, in the period 2023-2026.

Such hypotheses, estimates and forecasts are based on various hypothetical assumptions, and are subject (among others) to the risks and uncertainties, including those of a geopolitical nature relating to the current and future conflicts (including conflicts between Russia and Ukraine and in the Middle East), that characterise both the evolution of the macroeconomic scenario and the evolution of the legal and regulatory framework, and that relate to future events and actions which the Board of Directors and the management cannot, in whole or in part, influence, in relation to the performance of the principal financial and economic figures or other factors affecting such performance.

Strictly connected to the strategic risk is the commercial risk understood as the actual and prospective risk associated with the failure to achieve the objectives of assets' volume and economic results due to the ineffectiveness of the actions taken by the Issuer's management and Board of Directors and/or as a result of adverse market conditions.

It should be noted that the Banco BPM Group regularly monitors exposure to strategic risk and commercial risk, including through the calculation of an economic capital using an internally developed model, the results of which are accounted for in the integrated risk report that is presented to the Risk Committee on a monthly basis and to the corporate bodies on a quarterly basis.

Therefore, the Group is exposed to the risk that it may be unable to implement part or all of its 2023-2026 Strategic Plan or that it may be unable to implement part or all of such its 2023-2026 Strategic Plan within the timeframe expected, that the assumptions on which the Group based its forecasts and strategy may be incorrect or that the strategy may not achieve the results expected; this may, in turn, have negative effects on the business, financial conditions and/or results of operations of the Issuer and/or the Banco BPM Group.

For further information, please refer to the section entitled “*Description of the Issuer and the Group - Strategy*”.

Risks related to legal proceedings and inspections by Supervisory Authorities

The Banco BPM Group is subject to litigation in the ordinary course of its business, including civil and administrative legal proceedings, as well as several arbitration and tax proceedings. See “*Description of the Issuer and the Group – Legal Proceedings of the Group*”. Negative outcomes in such proceedings or in any investigation by the supervisory authority may create liabilities which reduce the Issuer's ability to meet its obligations.

Given the complexity of the relevant circumstances and corporate transactions underlying these proceedings, together with the issues relating to the interpretation of applicable law, it is inherently difficult to estimate the potential liability to which the Banco BPM Group may be exposed when such proceedings are decided.

The Issuer considers that it has made appropriate provision in its consolidated financial statements to cover the possible losses that could arise from legal proceedings or other pending disputes, also taking into

account indications provided by external legal counsel.

With regard to the diamonds sales activity carried out by a specialised third party company, Intermarket Diamond Business S.p.A. (the “**IDB**”), in the first six months of 2023, the new complaints related to the proceedings by the Italian Antitrust Authority (“**AGCM**”) were limited both in number and in terms of the overall additional *petitum* (equal to approximately Euro 2.1 million). As of 30 June 2023, as a result of the settlement activity through transactions or of a final sentence, complaints and disputes have been defined for a total *petitum* of more than Euro 654.2 million against claims that at the same date amounted to a total of approximately Euro 720.2 million. It should also be noted that on 16 February 2023, the Public Prosecutor of Verona ordered the release of the sum of Euro 80.3 million in favour of the Bank; subsequently, the Public Prosecutor of Rome, before which the proceeding has been transferred, ordered the release of the remaining amount of approximately Euro 3.5 million.

For further information please see further the paragraph in this Base Prospectus headed “*Legal Proceedings of the Group- Ongoing Legal and Administrative Proceedings - Proceedings related to the diamonds reporting activities*” and “10.6.3 Other Provisions – other” on pages 312 – 314 of the 2021 Annual Financial Statements, “10.6.3 Other Provisions – other” on pages 338 – 341 of the 2022 Annual Financial Statements and “10.6.3 Other Provisions – other” on pages 146 – 148 of the 2023 Consolidated Interim Financial Report, each incorporated by reference in this Base Prospectus.

There can be no assurance that legal proceedings which are not included in these provisions would not give rise to additional liabilities in the future, nor that the amounts already set aside in these provisions will be sufficient to fully cover the possible losses deriving from these proceedings if the outcome is worse than expected. This could have a material adverse effect on the business, financial conditions or results of operations of the Issuer and/or of the Banco BPM Group. The Banco BPM Group is furthermore subject, in the course of its ordinary activities, to inspections by the supervisory authority that could require organisational interventions or the strengthening of internal functions which are aimed at addressing weaknesses that have been identified during inspections which might, furthermore, result in sanction proceedings being brought against officers of the Issuer.

In addition, the Banco BPM Group is regularly subject to enquiries and inspections by the ECB in its capacity as the Bank’s supervisory authority and other supervisory authorities in the ordinary course of its business. For additional information on pending inspections, see “*Description of the Issuer and the Group – Inspection activities and proceedings conducted by the ECB, Bank of Italy and CONSOB on Banco BPM S.p.A.*”. The outcomes of any such enquiries and inspections may lead to organisational interventions and the Banco BPM Group may be required to implement certain measures aimed at rectifying any shortcomings detected during such enquiries and inspections. A supervisory authority may also take a range of disciplinary actions against the representatives of the Issuer with administrative, management or control functions.

Compliance with any measures required by a supervisory authority may require the Banco BPM Group to take actions which have, and any sanction imposed by a supervisory authority may have, a potentially negative effect on the Group’s business, financial condition or results of operations.

Risks related to deferred tax assets

Deferred tax assets (“**DTAs**”) and liabilities are recognised in Banco BPM’s consolidated financial statements according to accounting principle IAS 12. As of 31 December 2022, DTAs amounted in aggregate to Euro 4,357.3 million, of which Euro 2,278.2 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (“**Law 214/2011**”).

The recognition of DTAs not convertible into tax credits and the subsequent maintenance in the balance sheet entails a probability test as to their potential recoverability, which must also consider the tax regulations in force at the date of preparation of the financial statements. The probability test must be based on reasonable income forecast taken from approved strategic plans and projections, also considering that, for income tax purposes, tax regulations permit tax losses to be carried forward without any time limit.

As a result, the recoverability of the DTAs not convertible into tax assets may be negatively influenced by changes in the tax regulations and in the accounting principles in force, which cannot be forecast at present. For further information on (i) DTAs, see Section 11 of Part B “Information on the Consolidated Balance Sheet” of the 2022 Annual Financial Statements, (ii) the timing for the expected recovery of DTAs, see section “Notes to the consolidated financial statements” paragraph “Estimating the recoverability of

deferred tax assets” in the 2022 Annual Financial Statements, each incorporated by reference in this Base Prospectus.

Risks Related to Sanctions

The Banco BPM Group has clients and partners located in a number of different jurisdictions. The Group is therefore required to comply with sanctions regimes in the jurisdictions in which it operates. In particular, the Group must comply or may in the future be required to comply with economic sanctions imposed by the United Nations, the European Union, the United Kingdom and the United States on certain countries, in each case to the extent applicable, and these regimes are subject to change, which cannot be predicted. Such sanctions may limit the ability of the Group to continue to transact with clients or to maintain commercial relations with counterparties which may fall under economic sanctions and/or counterparties that are located in sanctioned countries. The risk has been recently exacerbated by the Russian invasion of Ukraine and the ensuing sanctions enacted by, inter alia, the United States, the European Union and the United Kingdom. See also “Risks related to the impact of global macro-economic factors and the consequences arising from the continuation of the Russia-Ukraine conflict”.

As of the date of this Base Prospectus, the Group has limited commercial relationships with certain counterparties located in sanctioned countries, but these are carried out in compliance with applicable laws and regulations. In addition and on the basis of advice obtained from an independent third party consultant, the Group regularly upgrades its dedicated procedures to enhance and monitor compliance with sanctions in the various countries in which it operates. However, were the counterparties of the Group, or the Group itself, to be affected by sanctions investigations and/or by sanctions, the investigation costs, remediation required and/or payment or other legal liability incurred could potentially negatively affect Banco BPM’s net assets and net results. Such an adverse outcome could have a material adverse effect on the Group’s reputation and business, results of operations or financial condition.

Risks related to the ratings assigned to the Issuer

The ratings assigned to the Issuer by the main international rating agencies are an indication of the credit ratings of the Issuer itself and the outlook represents the parameter which indicates the expected trend in the near future, of the ratings assigned to the Issuer. However, such indications may not properly reflect developments in the solvency position of the Issuer and the Banco BPM Group. In addition, ratings assigned to the Issuer may be influenced by developments in the rating assigned to Italy’s sovereign debt and the Italian macroeconomic conditions. Any deterioration in the Italian sovereign debt rating or in the Italian macroeconomic condition may lead to a downgrade of the Issuer’s ratings, which could in turn cause adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

Any reduction of the rating levels assigned to the Issuer could have a negative effect on the opportunities for the Issuer and for the Banco BPM Group to access the various liquidity instruments and could lead to an increase in funding costs or require the constitution of additional collateral guarantees for the purpose of accessing liquidity. This may cause adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

Risks relating to the Issuer’s business activities and industry

Credit risk

Credit risk is the risk that debtors may not fulfil their obligations or that their credit rating may suffer a deterioration (such debtors include the counterparties of financial transactions involving OTC (over the counter) derivatives traded outside of regulated markets) or that the Banco BPM Group’s companies grant credit that they would not otherwise have granted, or would have granted upon different terms, on the basis of information that is untruthful, incomplete or inaccurate. Credit risk includes (i) counterparty risk and (ii) risks connected to the deterioration of the credit quality.

A number of factors affect a bank’s credit risk in relation to individual credit exposures or for its entire loan book. These include the trend in general economic conditions or those in specific sectors, changes in the rating of individual counterparties, deterioration in the competitive position of counterparties, poor management on the part of firms or counterparties given lines of credit, and other external factors, also of

a legal and regulatory nature.

The deterioration of the creditworthiness of major customers and, more generally, any defaults or repayment irregularities, the launch of bankruptcy proceedings by counterparties, the reduction of the economic value of guarantees received and/or the inability to execute the said guarantees successfully and/or in a timely manner, as well as any errors in assessing customers' creditworthiness – which may be also due to ineffectiveness of the Group's risk management methodologies, assessments and processes – could have a material negative effect on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

a) Risks connected to the deterioration of the credit quality

The Banco BPM Group is subject to credit risk. The Banco BPM Group's policies for managing and controlling the quality of the loan portfolio, and the associated risks, are based on rules of sound and prudent management. The policies are implemented through the processes of distributing, managing and monitoring credit risks that varied according to the circumstances of the market, business sector and characteristics of each borrower. The loan portfolio is closely monitored on a continuous basis in order to promptly identify any signs of imbalance and to take corrective measures aimed at preventing any deterioration.

The recent crisis in the financial markets and the global economic slowdown have reduced and may further reduce, also as a result of the COVID-19 pandemic, supply shortages and inflation, the disposable income of households, as well as the profitability of companies and/or adversely affect the ability of bank customers to honour their commitments: all these factors may potentially result in a significant deterioration in credit quality in the areas of activity of the Group.

The coverage of the non-performing exposures of the Banco BPM Group as at 31 December 2022 was equal to 50.6%. The coverage of the bad loans of the Banco BPM Group as at 31 December 2022 was equal to 64.8%.

Banco BPM Group's net non-performing loans amounted to Euro 2,356 million as at 31 December 2022, with a decrease of Euro 0.9 billion (or 27.8%) as compared to 31 December 2021, and represented 2.2% of Banco BPM Group's total net loans.

In addition, the percentage of non-performing exposures out of total loans, gross of value adjustments, was equal to 4.2% as at 31 December 2022. In this respect, on 20 March 2017, the ECB published the "Guidance to banks on non-performing loans". These guidelines, as integrated by the addendum published in March 2018 and subsequent supervisory expectations communicated from time to time address the main aspects of the management of non-performing loans, spanning from the definition of the NPL strategy and of the operational plan to the NPL governance and operations, meanwhile providing several recommendations and best practices which will drive in the future, the ECB's expectations. To this end, the Group constantly monitors the gross NPL ratio reduction target, as from time to time agreed with the competent supervising authorities. See also "*Risks related to the disposal of non-performing loans*" below.

Even though the Banco BPM Group periodically makes provisions to cover potential losses, on the basis of its experience and statistics, the Banco BPM Group may have to increase these provisions further should there be a rise in bad loans or an increasing number of the Banco BPM Group's debtors subject to insolvency proceedings (including bankruptcy or creditors' composition). In addition, provisioning may have to increase on the basis of the Prudential Backstop Regulation (as defined below, see also "*Regulatory – Regulatory Measures on NPLs*"). In this regard, any significant increase in the provisions for non-performing exposures, change in the estimates of credit risk, or any losses that exceed the level of the provisions already made, could have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

b) Counterparty risk

In the conduct of its operations, the Banco BPM Group is exposed to counterparty risk. Counterparty risk is the risk that a counterparty of a transaction (including operations in derivatives and repurchase agreements) involving particular financial instruments may default before the transaction is settled. The Banco BPM Group trades derivative contracts with a wide variety of underlying assets and instruments, including interest rates, exchange rates, equity indices, commodities and loans, with counterparties from the financial services sector, commercial banks, government entities, financial and insurance firms, investment banks, funds and other institutional clients as well as with non-institutional clients.

Transactions in derivatives and repurchase transactions expose the Banco BPM Group to the risk that the counterparty defaults or becomes insolvent before settlement or expiry of the transaction, where the Issuer or other Banco BPM Group company has an outstanding claim against such counterparty, in addition to market risks and operational risks.

The Banco BPM Group has specific policies and procedures for identifying, monitoring and managing these types of risk. Any breach by the counterparties of the obligations they assume under derivative or repurchase contracts they have made with the Issuer or other companies of the Banco BPM Group, and/or the realisation or liquidation of such collateral as they have provided that delivers a lower value than expected, may result in adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

c) Risks relating to the real estate market

The Banco BPM Group is exposed to the real estate sector, as it is a lender to companies in the real estate sector, and to real estate investment funds, whose cash flows are mainly, or exclusively, backed by proceeds deriving from the construction, lease and/or sale of real estate.

The “real estate sector” includes loans to construction and real estate companies/economic groups, to real estate investment funds and to private individuals (in the form of mortgage loans or finance leases to buy a house), together with loans to companies categorised within this sector but whose core business is not real estate (*indotto immobiliare*) as well as to companies in the public infrastructure construction sector.

The real estate sector is particularly affected by the economic and financial crises which have, in the past, resulted in a fall in asset prices as well as in the number of transactions, accompanied by an increase in the cost of funding and greater difficulties in obtaining access to credit. Consequently, companies operating in the real estate sector have experienced a decrease in transactions both in terms of volumes and margins, an increase in financial expenses, as well as greater difficulties in refinancing their debt. In particular, unfavourable macroeconomic dynamics, inflation and the lingering impacts of the COVID-19 pandemic, could increase the bankruptcy rate of both individual and corporate borrowers of the Banco BPM Group, resulting in defaults in the payment of lease and/or mortgage instalments.

In general, falling prices in the real estate market could adversely affect the Banco BPM Group, both directly as a result of the impact on customers operating in this sector, and indirectly as a result of the fall in the value of real estate properties posted as collateral for loans granted by the Banco BPM Group.

The Banco BPM Group has put procedures in place to handle and monitor the risk of default by the borrowers and is supported, where appropriate, by external and internal experts to evaluate any real estate projects and any exposure to the real estate sector is subject to increased capital requirements imposed by the Bank of Italy or the ECB. Notwithstanding the foregoing, any deterioration of the real estate market conditions or of the economic and financial conditions in general and/or fall in the value of real estate properties placed as collateral could adversely affect the debt servicing ability of the Banco BPM Group’s borrowers and, in turn, have a negative adverse impact on the business, financial conditions and/or results of operations of the Issuer and/or of the Banco BPM Group.

Risks related to the disposal of non-performing loans

As the Group is among the largest banking groups in Italy, the ECB highlighted the need for the Banco BPM Group to accelerate the reduction of non-performing loans including bad loans, unlikely to pay (“UTP”) and past due (together, “NPLs”), and requested the preparation of a clear action plan for reducing NPLs and increasing the average coverage ratios of NPLs.

It is possible that additional disposals will take place. Further, in accordance with the terms and results of the disposals undertaken to reduce the number of NPLs, the Issuer can give no assurance that no further adjustments to the income statement in respect of the value of the loans will be made, on account of the difference between the value at which the NPLs are recorded in the balance sheet of banks, and the price which investors specialised in “distressed debt” management are prepared to pay for the acquisition of the same, in view of the returns that such investors consider achievable. Such adjustments may have a material

negative impact on the finances, assets and business of the Banco BPM Group.

Risks related to the exposure to sovereign debt

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the Euro Area, the global markets remain characterised by high uncertainty and volatility. Any further acceleration of the European sovereign debt crisis is likely to significantly affect, among other things, the recoverability and quality of the sovereign debt securities held by the Group as well as the financial resources of the Group's clients holding similar securities.

The ECB's unconventional policy (including public sector, covered bond and ABS purchase programme and provision of liquidity via Targeted Longer-Term Refinancing Operations ("TLTRO")) has contributed to ease market tensions, limiting the refinancing risk for the banking system and leading to a tightening of credit spreads. The possibility that the ECB could halt or reconsider the current set up of unconventional measures, as recent developments have shown, would impact negatively the value of sovereign debt instruments. This would have a materially negative impact on the Group's business, results and financial position.

The Group is exposed to government bonds and, in particular, Italian government bonds. As at 31 December 2022, the Group's total exposure to sovereign debt securities, relating to the banking segment, was equal to Euro 29,811.3 million, mainly concentrated at the Issuer level (Euro 29,508.4 million). Exposure to EU countries sovereign debt represented 87% of the total exposure to sovereign debt securities; exposure to Italian government bonds was equal to Euro 10,927.3 million as at 31 December 2022 (37% of total exposure). Consequently, the Issuer is particularly exposed to any adverse changes and fluctuations in the market for Italian government securities, the political situation and the sovereign debt rating. A decrease in the market price for Italian government bonds could negatively affect the value of its assets and therefore have an adverse effect on the Group's business, results of operations, financial condition and cash flows. In addition, if the credit ratings of Italy and/or of other countries to which the Group has sovereign exposures deteriorate, the Issuer may be required to revise the risk weighting attributed to the relevant assets for the calculation of risk-weighted assets ("RWA"), which could have an adverse effect on the Issuer's capital ratios. The Issuer may also be required to revise the discount criteria applied by counterparties in refinancing transactions, such as in the ECB's TLTRO refinancing transactions, resulting in an increase in the collateral required or a reduction in the liquidity obtained in relation to such collateral.

In addition, the lingering uncertainties arising from geopolitical tensions, could have a material adverse effect on the economies of the EU Member States in general, and the Italian economy in particular, with a consequential upsurge of the sovereign debt crisis. See also "Risks related to the impact of global macro-economic factors".

Although in recent years the fiscal and macroeconomic imbalances that contributed to the Euro Area sovereign's debt crisis have been reduced in several countries, there are still concerns about the possible dissolution of the European Monetary Union, or the exit of individual countries from the monetary union (with a possible return to local currencies), fostered, among other factors, by the electoral surge of anti- EU parties across the euro area. Any scenario of this kind would generate unpredictable consequences.

All the factors described above, and particularly any re-emergence or further deterioration of the sovereign debt crisis, could result in potential losses to the Issuer and/or the Banco BPM Group, an increase in its borrowing costs, and/or a reduction in the value of its assets, with possible negative effects on the economic and financial situation of the Issuer and/or of the Banco BPM Group.

Market risks

The Banco BPM Group is exposed to market risk, being the risk that the value of a financial asset or liability could vary because of changes of market factors, such as share prices, interest rates, exchange rates and their volatilities, as well as changes in the credit spreads of the relevant issuer. To the extent that any of the instruments and strategies used by the Banco BPM Group to hedge or otherwise manage its exposure to counterparty or market risks are not effective, the Banco BPM Group may not be able to effectively mitigate its risk exposure in particular market conditions, or against particular types of risk. The Banco BPM Group's trading revenues and interest rate risk exposure depend on its ability to identify properly, and mark to market, changes in the value of financial instruments caused by movements in market prices or interest rates. The Banco BPM Group's financial results also depend on how effectively the Banco BPM Group

determines and assesses the cost of credit and manages its own counterparty risk and market risk concentration.

(a) Risks related to interest rates

The Banco BPM Group's performance is influenced by interest rate trends and fluctuations, mainly in the European markets, which in turn are caused by different factors beyond the control of the Banco BPM Group, such as monetary policies, general trends in the national and international economy and the political conditions of Italy.

The performance of the Banco BPM Group's banking and financing operations depends upon the management and sensitivity of their interest rate exposure, i.e. the effect of changes in interest rates in the relevant markets on the interest margin and economic value of the Banco BPM Group. Any mismatch between the interest income accrued by the Banco BPM Group and the interest expense incurred (in the absence of protection taken out to cover this mismatch) could have material adverse effects on the Banco BPM Group's and/or the Issuer's business, financial condition or results of operations (such as an increase of the cost of funding that is more marked than any increase in the yield from assets or the reduction in the yield from assets that is not matched by a decrease in the cost of funding).

The Banco BPM Group has specific policies and procedures to identify, monitor and manage these types of risk. However, it is not possible to rule out that unexpected variations of market interest rates may have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

(b) Risks related to the performance of financial markets

The Banco BPM Group's results depend in part on the performance of financial markets. In particular, the unfavourable development of the financial markets in recent years has affected: (i) the placement of products relating to assets under management and assets under administration, with resulting adverse effects on the amounts of placement commissions received; (ii) management commissions due to the reduced value of assets (direct effect) and redemptions resulting from unsatisfactory performance (indirect effect); (iii) the operations of the Investment Banking line of business, in particular with respect to placement of financial products and customer dealing, with adverse effects on the amount of commissions received; and (iv) results from the management of the banking and trading portfolios.

The Banco BPM Group has specific policies and procedures in place to identify, monitor and manage these types of risk. However, the volatility and possible insufficient liquidity of the markets, as well as the change of investor preferences towards different kinds of products and/or services, may have an adverse effect on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.

Liquidity and Funding risks

Liquidity risk is the risk that the Issuer may not have the cash resources to be able to meet its payment obligations, scheduled or unscheduled, when due. "Funding Liquidity Risk" refers to the risk that the Issuer is not able to meet its scheduled or unscheduled payment obligations in an efficient manner due to its inability to access funding sources, without prejudicing its banking activities and/or financial condition. "Market Liquidity Risk" refers to the risk that the Issuer is only able to realise its assets at a loss as a result of the market conditions and/or timing requirements. Having access to adequate liquidity and long-term funding, in any form, to run its core activity is crucial for Banco BPM to achieve its strategic objectives. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Starting in 2007, the international economic environment has been subject to long periods of high volatility, extraordinary uncertainty and instability in the financial markets. This was initially caused by the default of certain financial institutions and then by the sovereign debt crisis in certain countries, including Italy. During these periods, this state of uncertainty and volatility has led to considerable difficulties in finding liquidity on the wholesale market, a contraction in inter-bank loans and a significant increase in the cost of funding in the retail markets, worsened by the growing distrust towards European bank operators, substantially limiting access to credit by operators.

A deterioration of market conditions, further loss of investors' confidence in financial markets, an increase in speculation about the solvency or credit standing of the financial institutions present in the market

(including that of the Issuer), or that of the country where they are based, can adversely impact the ability of banks to obtain funding in future. The inability of Banco BPM or any Banco BPM Group legal entity to access the debt market (Funding Liquidity Risk) or sell its assets (Market Liquidity Risk) would, in turn, adversely affect the Banco BPM Group's ability to achieve its objectives.

In addition, the Banco BPM Group is exposed to government debt securities, in particular Italian government debt securities. Any further reduction in the credit rating assigned to Italy (which has already been the subject of a number of downgrades by the principal rating agencies in recent years) may adversely affect the value of such debt securities and as a result could impact the extent to which the Issuer can use, inter alia, Italian government debt securities as collateral for the ECB refinancing transactions which could have an adverse effect on the Banco BPM Group's liquidity.

Further reductions of the credit rating assigned to Italy might also entail a worsening of credit ratings assigned to Italian financial institutions (including that of the Issuer) – in this respect, see also “Risks connected to the deterioration of credit quality”.

The Banco BPM Group constantly monitors its own liquidity and funding risks. There can, however, be no assurance that any negative developments in the conditions of the markets, in the general economic environment and/or in the Issuer's credit standing, combined with the need to align the Issuer's liquidity and funding position to regulatory requirements, would not have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or the Banco BPM Group.

Climate and environmental risks

As part of the Risk Identification process carried out in 2021, the Group identified the issues relating to “Climate change & Environment, Social and Governance (“ESG”)” as a specific risk factor to which it could be exposed. Said issues are seen as the risk drivers underlying prudential risks, for example related to sustainable development in terms of credit and finance and the valuation of internal intangibles, and have shown an increase in terms of both the likelihood of their occurrence and their impact with respect to last year.

As part of the 2022 update of the Risk Identification process, the Group has broken down the specific ESG risk factors into those related to “climate change” and those related to “governance and social sustainability”.

To this end, the Group's risk management proceeded with the assessment process with respect to the current ESG regulatory requirements and consultation procedure, first of all with regard to the “Guide on climate-related and environmental risks” the final version of which was published by the ECB in November 2020. The ECB Guide (as defined in “Regulatory” below) clarifies that climate and ESG risks are cross-cutting determinants of other risk factors, of which the most impacted are credit, operational, market, and liquidity risks. In this context, during 2022, the Group participated in the Climate Risk Stress Test 2022 conducted by the ECB for the entire European banking sector, the aggregate results of which were published on 8 July 2022.

Such risks could result in potential losses to the Issuer and/or the Banco BPM Group, an increase in its borrowing costs, and/or a reduction in the value of its assets, with possible negative effects on the economic and financial situation of the Issuer and/or of the Banco BPM Group.

In 2022, Banco BPM continued to develop and implement the various project initiatives aimed at analysing and managing climate and environmental risks, both with regard to the Bank's specific ESG programme and in response to the expectations of the aforementioned ECB guidance on the subject, in line with the detailed operational plans defined by the Group and updated as part of the overall thematic review of policies, governance and risk management frameworks related to climate and the environment (Thematic Review) launched by the ECB.

It cannot be excluded that the adoption of new policies on climate and environmental risks, future developments in ESG and sustainable growth guidelines, as well as changes in consumer preferences and market confidence, may have a negative impact on the business, the economic and financial situation of the

Issuer and/or Banco BPM Group.

Operational risk

Operational risk is defined as the risk of suffering losses due to inadequacy or failure of processes, human resources and internal systems, or as a result of external events. Operational risk includes legal risk, which is the risk of losses deriving from breaches of laws or regulations, contractual, out-of-contract liabilities or other disputes, ICT (Information and Communication Technology) risk (including risks connected with cyber-attacks and risks connected with the malfunctioning of ICT equipment) and model risk. Strategic and reputational risks are not included. The Banco BPM Group has procedures in place to mitigate and monitor operational risks in order to limit the adverse consequences arising from such risks. These risks are managed and supervised by the Issuer and by other Banco BPM Group legal entities through a structured series of processes, functions and resources for the identification, measurement, valuation and control of risks that are characteristic of the Banco BPM Group's activities.

Nonetheless, the Banco BPM Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks (especially those due to potential exogenous factors such as external frauds and cyber-attacks), including risks that the Banco BPM Group fails to identify or anticipate.

Risks connected to the contributions to the Single Resolution Fund and the Interbank Deposit Guarantee Fund

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

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

With respect to the Italian Interbank Deposit Guarantee Fund, contributions are calculated with respect to the ratio of the guaranteed deposits held with banks of the Groups as compared to total protected deposits held with Italian banks participating to the Italian Interbank Deposit Guarantee Fund, as well as the level of risk of the Group's banks holding guaranteed deposits as compared to the aggregate level of risk of all the Italian banks participating to the Italian Interbank Deposit Guarantee Fund. The Deposit Guarantee Schemes Directive requires Italian banks to make annual ordinary contributions to the Italian Interbank Deposit Guarantee Fund in order for it to reach financial resources equalling 0.8% of the total guaranteed deposits held with Italian banks participating to the Italian Interbank Deposit Guarantee Fund. Such target must be reached by 3 July 2024. In 2022, the banks participating to the Italian Interbank Deposit Guarantee Fund contributed Euro 1.36 billion to its financial endowment, of which Euro 888 million as ordinary contributions and Euro 471 million as additional contributions in order to gradually reintegrate the Italian Interbank Deposit Guarantee Fund's financial endowment following the initiatives that were undertaken between 2015 and 2021. As of 31 December 2022, the financial resources amounted to Euro 3.3 billion, net of provisions for future commitments, corresponding to 0.44% of protected deposits.

With respect to the Single Resolution Fund, the contributions are calculated in proportion to the amount of liabilities of the relevant bank (excluding guaranteed deposits and own funds) to the total liabilities (excluding guaranteed deposits and own funds) of Italian banks and the degree of risk assumed by the relevant bank compared to the degree of risk assumed by all other Italian banks. The BRRD provides that Italian banks must pay annual ordinary contributions until the Single Resolution Fund has financial resources equal to at least 1% of the total guaranteed deposits of financial institutions authorised in all participating Member States. This level must be reached by 1 January 2024.

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

institutions may be required to make extraordinary contributions.

For the year ended 31 December 2022, the Group's ordinary contribution to the Italian Interbank Deposit Guarantee Fund was Euro 114.6 million. The Group's ordinary annual contribution to the Single Resolution Fund in 2022 was equal to Euro 110.5 million. In addition, with reference to year ended 31 December 2021, the Group was required to pay additional contributions to the Single Resolution Fund equal to Euro 28.6 million in connection with the resolution actions taken before the activation of the Single Resolution Fund.

It should also be noted that the Covid-19 pandemic has led to a significant increase in the financial resources that customers have decided to keep in current accounts and savings deposits. This phenomenon has affected the entire banking system and has been reflected in an increase in the minimum financial endowment levels of both the Single Resolution Fund and the Interbank Deposit Guarantee Fund. This has led to an increase in the ex-ante contribution levels required of banks in order to reach the aforementioned minimum financial endowment levels.

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

Risks relating to European and Italian banking regulations

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

The Banco BPM Group, as with all banking groups, is subject to extensive regulations and to the supervision (being for regulatory, information or inspection purposes, as the case may be) by the Bank of Italy, CONSOB and IVASS with respect to its bancassurance operations. As of and from 3 November 2014, the Banco BPM Group is also subject to the supervision of the ECB which, pursuant to rules establishing a single supervisory mechanism (the "Single Supervisory Mechanism" or "SSM"), has the duty to, among other things, guarantee the uniform application of the rules of the Euro currency area.

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

In particular, the Banco BPM Group is subject to an extensive set of rules governing capital adequacy, liquidity levels and leverage, which derive from the requirements approved by the Basel Committee on Banking Supervision following the 2008 financial crisis, as implemented by EU and Italian legislation. In this respect, on 8 December 2023, Banco BPM announced that it had received from the ECB the notification of the prudential decision on the minimum capital ratios to be complied with by Banco BPM on an ongoing basis, based on the outcome of the annual Supervisory Review and Evaluation Process ("SREP"). Taking into account this additional capital requirement, the ECB determined that the Banco BPM Group is required to meet, for the year 2024, a CET1 ratio of 9.07% on a consolidated basis. Such requirement includes:

- A Pillar I minimum capital requirement of 4.50%;
- A Pillar II capital requirement of 1.53%, of which 0.27% to be derived from the so called "calendar provisioning shortfall", to be entirely charged to the Common Equity Tier 1; such component having been reduced compared to that calculated for the preceding year (which was equal to 0.32%) and being attributed to the Common Equity Tier 1 by a percentage of 100%, while for 2023 the same percentage was limited to 56.25%;
- A capital conservation buffer reserve of 2.50%;
- An O-SII buffer reserve of 0.50%, increased from the value of 0.25% for the preceding year, due to the adoption by the Bank of Italy of a new calculation method;
- A counter-cyclical conservation buffer of 0.04%.

Furthermore, the additional requirements that Banco BPM must meet are as follows: (i) Tier 1 capital ratio of 11.00%; and (ii) Total Capital ratio of 13.56%. The Banco BPM Group satisfied these prudential capital ratios on a stated basis as at 30 September 2023, with a CET1 ratio of 14.33%, a Tier 1 ratio of 16.70% and a Total Capital ratio of 19.68%. However, there can be no assurance that the total capital requirements imposed on the Issuer or the Group from time to time may not be higher than the levels of capital available at such time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further own funds requirements on the Issuer or the Group. For additional information on the capital requirements applicable to the Group, see “*Selected Consolidated Financial Data – Capital Requirements of the Group*” and “*Regulatory*”.

In addition to the capital requirements discussed above, the BRRD introduced requirements for banks to maintain at all times a sufficient aggregate amount of minimum requirement for own funds and eligible liabilities (the “MREL”). Under the BRRD, where an entity fails to meet its combined buffer requirement when considered in addition to its minimum requirement for own funds and eligible liabilities, resolution authorities have the power to prohibit certain distributions in accordance with the restrictions on distributions provisions by reference to the Maximum Distributable Amount. The Relevant Authority may furthermore exercise its supervisory powers under Article 104 of the CRD IV in case of breach of the minimum requirement for own funds and eligible liabilities. As a result, the powers set out in the BRRD and the application of the MREL requirement will impact the management of credit institutions and investment firms as well as, in certain circumstances, the rights of creditors, including holders of the Securities issued under the Programme.

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

Moreover, supervisory authorities have the power to bring administrative or judicial proceedings against the Banco BPM Group, which could result, among other things, in suspension or revocation of the licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action (in this respect, see also “Risks related to legal proceedings and inspections by Supervisory Authorities”). Such proceedings could have adverse effects on the Issuer’s and the Banco BPM Group’s business, financial condition and results of operations. For additional information on the main laws and regulations applicable to the banking sector, see “*Regulatory*”.

Risks related to recent and forthcoming regulatory, tax and accounting changes

Regulatory changes

In addition to the own funds and eligible liabilities and liquidity requirements introduced by Basel III, the CRD IV, the BRRD and the EU Banking Reform, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU’s future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments EU Directive and Markets in Financial Instruments EU Regulation which entered into force on 2 July 2014 with implementation required at Member States level as from January 2018 subject to certain transitional arrangements. A new framework for European securitisation (implemented through Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) has introduced the long awaited rules for issuing simple, transparent and standardised transactions and replaced the provisions of the CRR relating to the regulatory capital treatment of securitisation exposures held by EU credit institutions and investment firms. Moreover, the Basel Committee has embarked on a very significant RWAs variability agenda. This includes the “Fundamental Review of the Trading Book”, revised standardised approaches (e.g. credit, market, operational risk), constraint to the use of internal models, as well as the introduction of a capital floor. The regulator’s primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a

significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against the exposures assessed via standardised approach and on those evaluated via an internal ratings based approach (“**IRB**”), due to the introduction of capital floors that, according to the new framework, will be calculated based on the revised standardised approach. Implementation of these new rules on risk models are expected to take effect from 1 January 2025.

Other recent and forthcoming regulatory changes include the EU Banking Reform that amend many of the existing provisions set forth in CRD IV, the BRRD and the SRM Regulation. For additional information, see also “*Regulatory*” and the risk factor entitled “*Risks related to regulatory changes in the banking and financial sectors and to the changes of the other laws applicable to the Banco BPM Group*”. On 7 December 2017 the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms include (*inter alia*) revisions to the leverage-based capital framework – the basis for calculating the leverage ratio requirements being the total leverage ratio exposure measure (LREM) – which is composed of a minimum requirement (set at 3% of the LREM); a buffer for global systemically important institutions (G-SIIs) which takes the form of a Tier 1 capital buffer requirement equal to the LREM multiplied by 50% of a G-SII’s risk-based G-SII buffer rate, which is effective from 1 January 2023; and potentially an institution-specific, legally non-binding requirement set by supervisors and based on a bank’s stress test results (so-called P2G-LR). These have been introduced in the EU through the amendments to the CRR contained in the EU Banking Reform.

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

There can be no assurance that the implementation of the new capital requirements, standards and recommendations described above will not require the Issuer to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Issuer’s business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect Issuer’s return on equity and other financial performance indicators.

Accounting changes

The Issuer is exposed to the effects of changes in accounting principles or standards and regulations (including those resulting from International Accounting Standards as endorsed and adopted in Europe). In this respect, as part of the project of rationalising and promoting the real estate assets of the Group, in December 2019 the Issuer resolved to change the measurement criterion for property and valuable works of art, adopting the fair value for real estate investments and the revaluation value for property used in operations and valuable works of art. The income statement for the year ended 31 December 2022 shows a net negative impact of Euro 108.3 million resulting from the adjustment of the fair value of investment properties following the annual update of valuation reports. For the year ended 31 December 2021, the net impact was a negative Euro 141.6 million.

More recently, IFRS 17 “Insurance contracts” has replaced IFRS 4 “Insurance contracts”. In particular, IFRS 17, published by the IASB in May 2017 and subject to subsequent amendments, was endorsed by Regulation No. 2036/2021 and entered mandatorily in force from 1 January 2023. IFRS 17 introduces new measurement criteria and new accounting rules for insurance products; in particular, the accounting models proposed by IFRS 17 introduce deep changes compared to the previous accounting standards, in particular with regard to i) the concept of insurance revenue, ii) the timing of the recognition of losses from onerous contracts iii) the increased complexity of measurement processes, quantitative requirements, the determination of actuarial and financial assumptions, the disclosure and result analysis requirements iv) in the comparison with the data used to measure the regulatory capital. For additional information, see “*Part A (Accounting policies) - Impacts of the transition to IFRS 17 Insurance contracts*” on pages 80-92 of the 2023 Consolidated Interim Financial Report, incorporated by reference in this Base Prospectus.

The Banco BPM Group is exposed, like other parties operating in the banking sector, to the effects of the entry into force and subsequent application of new accounting principles or standards and regulations and/or changes to them (including those resulting from IFRS as endorsed and adopted into European law).

Specifically, the Banco BPM Group, like other parties operating in the banking sector, may need to revise the accounting and regulatory treatment of some existing assets, liabilities and transactions (and the related income and expense), with possible negative effects, including significant ones, on the estimates in financial plans for future years and this could lead to the Issuer having to restate financial data published previously. Investors should be aware that implementation of new accounting principles or standards and regulations (or changes thereto) may have a material adverse effect on the business, financial condition and/or results of operations of the Issuer and/or of the Banco BPM Group.”

B) MATERIAL RISKS THAT ARE SPECIFIC TO THE SECURITIES BEING OFFERED AND/OR ADMITTED TO TRADING

B.1) Risks related to the nature of the Securities

Risks connected to the complexity of Certificates

The Certificates are financial derivative instruments characterized by a high degree of risk, which is mainly related to their complexity.

It is therefore necessary that each investor concludes transactions involving such financial instruments only after having understood their nature and the degree of risk exposure Certificates involved, either through reading Base Prospectus and Final Terms and through the assistance of financial intermediaries.

It shall be noted that, in general, investment in Certificates, being Certificates complex financial instruments, is not suitable for all types of investors; therefore, before carrying out any transaction concerning Certificates, the financial intermediary shall verify if the investment is suitable for the investor (with particular reference to the experience and knowledge in the investment field of financial derivative instruments by the latter) and, in the context of advisory services or portfolio management, the financial intermediary shall also evaluate the adequacy of the investment for the investor (in addition to the evaluation of experience and knowledge profiles), in the context of the particular financial situation and investment goals.

Risk of loss of the capital invested

The investor shall consider that, in relation to the investment, there may be a partial or total risk of loss of the capital invested mostly depending on the performance of the Underlying. Such risk of loss may depend on many different factors. In relation to the loss of the capital invested if a Barrier Event occurs, see also the "*Risk Related to the Barrier Event*".

In relation to Certificates that do not provide for a total protection feature, the investor may lose the entire capital invested or may lose the capital invested within the limit of such protection specified in the applicable Final Terms.

In addition, if the Underlying Currency is different from the Settlement Currency and the Certificates, that do not provide for a total protection feature, do not provide for the Quanto feature, there is also a risk of loss of capital due to fluctuations of the exchange rate between such two currencies. In relation to the exchange risk, see also "*Exchange risk related to the absence of a Quanto feature*" and "*Exchange risk related to the Settlement Currency of the Certificates*".

Risk of Constant Leverage Certificates

Constant Leverage Certificates involve the use of a number of financial techniques to increase the exposure to an Underlying and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the Underlying moves in the anticipated direction, it will conversely magnify losses when the Underlying moves against expectations. Investors should carefully consider that these Certificates will involve a higher level of risk, and that whenever there

are losses such losses may be higher than those of a similar security which is not leveraged. Investors should therefore only invest in leveraged Certificates if they fully understand the effects of leverage.

Risk related to the Barrier Event

If the Barrier Event is applicable in the relevant Final Terms, upon occurrence of such event, the investor will be exposed, as regards the Cash Settlement Amount, to the performance of the Underlying and, therefore, may lose part or all the capital invested. In relation to the loss of the capital invested, see also the "*Risk Related to loss of the capital invested*".

In addition, it should be noted that for Butterfly Protection Certificates there is a risk associated with the fact that, if the Barrier Down Event occurs and the Underlying Final Value is below the Protection Level, the Cash Settlement Amount will be determined by multiplying the Nominal Value of the Certificates by the Protection.

Investors shall consider that the occurrence of a Barrier Event will also depend on the volatility of the Underlying: the higher the volatility, the greater the chance that the Barrier Event will occur. Furthermore, also the length of the Barrier Event Valuation Period may have an impact in the risk of loss related to the Certificates. The higher the number of dates included in such period, the greater the chance that the Barrier Event will occur.

Exchange risk related to the Settlement Currency of the Certificates

The Certificates may be issued in Euro or in any another currency other than Euro and will be subscribed or purchased directly in that Settlement Currency, provided that such currency is freely transferable and convertible against Euro.

If the Settlement Currency is different from the reference currency for the investor (typically Euro) and the investor needs to (i) convert its currency into the Settlement Currency in order to subscribe or purchase the Certificates, and (ii) subsequently to convert the Settlement Currency - with which all amounts related to the Certificates are paid by the Issuer - into its own currency, the investor will be exposed to the risk arising from the variations in the exchange rate between the currencies and must therefore take due account of the volatility of the relevant exchange rate.

The investor, even where a total or partial protection feature is provided, will be exposed to the risk arising from the conversion of the Settlement Currency and of any other amounts payable in respect of the Certificates in his own reference currency.

A depreciation of the Settlement Currency of the Certificates with respect to the investor's reference currency (typically Euro) could result in significant losses.

Exchange risk related to the absence of a Quanto feature

The investment in the Certificates which do not provide for a Quanto feature may entail risks related to the exchange rate. If the Underlying Currency is different from the Settlement Currency, the amounts to be paid to investors will also depend on the relevant Exchange Rate, i.e. the ratio between the initial Exchange Rate and the final Exchange Rate.

Therefore, in such case, investors will also be exposed to the risk of loss of the capital invested due to a negative performance of such Exchange Rate.

Risk related to a participation factor

Where a formula used to determine the Cash Settlement Amount contains a participation level or other multiplier or leverage factor (whether implicit or explicit) greater than 100%, the percentage change in the value of the Certificates will be greater than any positive and/or negative performance of the Underlying(s). Investors may therefore participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the Underlying(s). Due to this multiplier or leverage factor, such Certificates represent a risky investment, since any loss in the value of the Underlying(s) carries the risk of a disproportionately higher loss on the Certificates.

A participation level or other multiplier or leverage factor of less than 100% means that the investor will not benefit of the full increasing performance of the Underlying(s). Accordingly, in such case, the return on the Certificates may be significantly less than a direct investment in the Underlying(s).

Risk related to the application of a cap

Where a formula used to determine the Cash Settlement Amount contains a cap (whether implicit or explicit), the ability of the investor to participate in any change in the value of the Underlying(s) over the term of the Certificates will be limited, no matter how much the level, price, rate or other applicable value of the Underlying(s) may rise beyond the cap level over the life of the Certificates. Accordingly, the return on the Certificates may be significantly less than a direct investment in the Underlying(s) or through another product.

Risk related to the application of the Strike Level

In relation to certain Product Types, the applicable Final Terms may provide for a level of the Underlying in respect of which the performance of the Underlying will be determined (Strike Level). The Strike Level may be equal or higher than the Underlying Initial Value. In this case, only the positive performance of the Underlying in respect of such Strike Level will be considered in order to determine the Cash Settlement Amount. Therefore, the investor will not benefit from the entire positive performance of the Underlying.

Risk that the Digital Coupons will not be paid

The Certificates may provide for the payment of one or more Digital Coupons when certain conditions in relation to the performance of the Underlying(s) are met.

The investor should consider that, if the Underlying does not reach the relevant threshold (Digital Coupon Threshold) on the relevant Digital Valuation Period, it will not be entitled to receive the payment of the relative Digital Amount.

It should be considered that the higher the Digital Coupon Threshold is set in respect of the Initial Value, the lower the probability that the investor will receive the relevant Digital Coupon.

Moreover, if several Digital Coupon Thresholds are provided and more than one of such thresholds is reached, investors will only receive the coupon in relation to the highest threshold specified in the applicable Final Terms (or the lowest in case of Certificates with a Short Strategy) and, therefore, the other coupons specified in relation to the other thresholds reached will not be paid.

Risk that the Performance Coupons will not be paid

The Certificates may provide for the payment of one or more Performance Coupons when certain conditions in relation to the performance of the Underlying(s) are met.

Investors should consider that, if the Underlying does not reach the relevant threshold (Performance Coupon Threshold) on the relevant Performance Valuation Period, it will not be entitled to receive the payment of the relative Performance Coupon Amount.

In addition, it should be considered that the higher the Performance Coupon Threshold is set in respect of the Initial Value, the lower the probability that the investor will receive the corresponding Performance Coupon.

Risks related to the Knock-out and Knock-in feature

If the Knock-out feature is specified as applicable in the relevant Final Terms, upon occurrence of the Knock-out Event, the amount provided in relation to either such Knock-out Valuation Period and/or the valuation period(s) following such Knock-out Valuation Period will be deactivated and will not be paid. In relation to the Knock-out feature, the Issuer will set, at its own discretion, one or more Knock-out Levels higher, equal or lower than the Underlying Initial Value. In particular, the closer the Knock-out Level is set in respect of the Underlying Initial Value, the greater the possibility that a Knock-out Event will occur and therefore that the relevant amount will not be paid.

If the Knock-in feature is specified as applicable in the relevant Final Terms, if the Knock-in Event does not occur, the amount provided will not be activated and therefore will not be paid. In relation to the Knock-in feature, the Issuer will set, at its own discretion, one or more Knock-in Levels higher, equal or lower than the Underlying Initial Value. In particular, the more distant the Knock-in Level is set in respect of the Underlying Initial Value, the greater the possibility that a Knock-in Event will not occur and therefore that the relevant amount will not be paid.

Risk related to the occurrence of an Early Redemption Event

If the Autocallable feature is specified as applicable in the relevant Final Terms, the Certificates will be early redeemed if certain conditions relating to the performance of the Underlying are met on the relevant Early Redemption Valuation Period.

Upon occurrence of an Early Redemption Event, the investor will receive an Early Redemption Amount, which will be a predetermined amount and which will not depend on the value of the Underlying. Therefore, the positive performance of the Underlying (or the negative performance, in the case of Certificates with a Short Strategy) will not be taken into account and the investor will not benefit from such performance.

In addition, after the occurrence of an Early Redemption Event, investors will not be entitled to receive any other remuneration amounts.

Price risk

Investors should consider that the Certificates are composed by multiple options. Accordingly, the price received from the sale of the Certificates on the secondary market depends on the value of each option. Before the maturity, a variation of the value of the single options constituting the Certificates may lead to a reduction in the price of the Certificate below the Issue Price.

The value of such options may be affected by: (i) the performance of the Underlying(s), (ii) the volatility or expectations of the price of the Underlying(s), (iii) the residual life of the options incorporated in the Certificates, (iv) in the case of more than one Underlying or an Underlying constituted by a Basket, the correlation between different financial assets, (v) money market interest rates, as well as (vi) expected dividend payments with respect to Underlyings constituted by shares. In addition, the price of the Certificates will be calculated on the basis of methodologies that take into account the *pro tempore* market conditions.

Even if the price of the Underlying performs favourably during the life of the Certificates, there may be a decrease in the value of the Certificates due to other factors affecting the value of the options comprising them. If applicable, if the Barrier Event occurs, the investor shall consider that it would be directly exposed

to changes in the value of the Underlying. In this case it is possible that negative effects on the price of the Certificates will occur.

If an ESG Rating is provided, any deterioration of that ESG Rating could adversely affect the price of the Certificates.

Risk connected to the deterioration of the creditworthiness of the Issuer

The value of the Certificates could be affected by a deterioration in the creditworthiness of the Issuer, which is also expressed by a downgrade in the Issuer's rating as well as by market indicators such as Credit Default Swaps.

The ratings assigned to the Issuer represent an assessment of the Issuer's ability to fulfil its financial commitments, including those relating to the Certificates.

Consequently, any actual or expected change in the credit ratings assigned to the Issuer may affect the trading price of the Certificates.

Risk associated with the use of bail-in

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 of 16 November 2015 and 181/2015 (together, the “**BRRD Decrees**”) identifying the powers and instruments that the authorities in charge of bank resolution (the “**Resolution Authorities**”) may adopt for the resolution of a failing bank, or in the case a bank is at risk of failing. This is in order to guarantee the continuity of the essential functions of the institution, minimizing the impact of the failure on the economy and the financial system, as well as the costs to taxpayers and ensuring that the shareholders bear the losses first and that creditors will bear the risks after the shareholders, provided that no creditor suffers greater losses than in the case the bank had been liquidated under an ordinary insolvency proceeding.

On 1 January 2016, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform regulation and a procedure for the resolution of credit institutions and certain investment firms under the Single Resolution Mechanism, and establishing the Single Resolution Board and the Single Resolution Fund.

Among the resolution instruments which may be used by the Resolution Authorities if certain conditions are met is the aforementioned “bail-in” instrument, i.e. the power to reduce, with the possibility of reducing to zero the nominal value, as well as the conversion of financial instruments into equity securities. Therefore, with the application of the “bail-in”, the securityholders would find themselves exposed to the risk of seeing their investment reduced, reduced to zero or converted into capital their investment, even in the absence of a formal declaration of insolvency of the Issuer.

In addition, the Resolution Authorities will have the power to cancel financial instruments and change their maturity, the coupons payable, if any, or the date from which they become payable, including by suspending the payments for a transitional period.

Credit risk for the investor

There is the risk that the Issuer may become insolvent or otherwise unable to fulfil its obligations under the obligations connected with the Certificates. Therefore, the investor may not receive the payment flows even if the conditions which would determine them occurred.

By subscribing or purchasing the Certificates, the investor becomes lender to the Issuer and holder of a credit towards the Issuer for the payment of any coupons during the course of life of the Certificate and for the payment of the Settlement Amount at maturity.

The Italian legal system provides that the liquidation of insolvent banks is carried out according to the liquidation procedure. In this regard, it should be noted that Article 91, paragraph 1(a) of the Italian Consolidated Banking Law provides that in the liquidation of the assets of the credit institution are satisfied, first of all, preferential creditors, secondly, deposit holders, then senior bondholders and, lastly, the holders of Certificates.

Therefore, in the event that the Issuer is subjected to the aforementioned liquidation procedure, as of the date of the Issuer's declaration of insolvency, the investor will lose the right to receive any unpaid residual interest; furthermore, as a result of the liquidation procedure the investor may suffer the partial or total loss of the capital invested.

See also what is reported in the paragraph above, in relation to the resolution instruments and in particular in relation to the bail-in instrument.

It should be noted, also, that the payment of the all the amounts due under the Certificates is guaranteed only by the assets of the Issuer. Certificates, in fact, do not benefit from any real or personal guarantees from third parties and are not supported by the Interbank Deposit Protection Fund nor by the National Guarantee Fund.

The Certificates are not expected to be rated and, therefore, a summary indicator representative of the specific riskiness of the Certificates is not available.

Risk related to the potential application of the Hiring Incentives to Restore Employment Act

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the Treasury Code (hereinafter "**Section 871(m)**") which assimilates dividend equivalent payments with dividends paid or deemed paid to non-U.S. holders for certain U.S.-linked financial instruments, stocks or indices that include U.S. stocks (stocks and indices, "U.S. stocks and indices").

In accordance with Section 871(m), such payments should be subject to a withholding tax equal to 30 per cent of the amount paid (this rate may be reduced under an international double taxation treaty), eligible as a credit against other taxes or refunded, provided that the beneficial owner promptly claims a credit or refund from the U.S. Internal Revenue Service ("IRS").

Generally, Section 871(m) governs all financial instruments which substantially reflect the economic performance of one or more underlying US securities, generally determined on the basis of their price or issue value, in accordance with the tests required by the relevant regulations.

Although certain aspects of the application of Section 871(m) to the Certificates remain uncertain, if the Issuer or any other withholding agent determines that a retention is necessary, neither the Issuer nor such other withholding agent will be required to pay any additional amount in respect of the amounts withheld. Prospective investors their own tax advisers in relation to the potential application of Section 871(m) to the Certificates.

Risk related to the potential application of U.S. Foreign Account Tax Compliance Withholding

The Issuer and other financial institutions through which payments on the Securities may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, certain payments made by foreign financial institutions "foreign passthru payments" made two years after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment", or later. This withholding would potentially

apply to payments in respect of (i) any Securities 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 after the "grandfathering date" which (A) with respect to Securities that give rise solely to foreign passthru payments, is the date that is six months after the date of publication made by U.S. Treasury Regulations defining the term foreign passthru payment, and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the Code as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depository for the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected.

Securityholders should consult their own tax advisors for more detailed information about FATCA and how FATCA may apply to payments they receive as a result of holding the Certificates.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "**IGA**"). The IGA ratification law no. 90/2015 entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

Finally, if the Issuer or any other person obliged to apply the withholding considers that the withholding should apply, neither the Issuer nor any other person obliged may be required to pay additional amounts with respect to payments that have been subject to such withholding.

Risks related to the forthcoming tax reform of financial incomes

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 ("**Law 111**"), delegates power to the Italian Government to enact, within twenty-four months from its publication, one or

more legislative decrees implementing the reform of the Italian tax system. According to Law 111, the tax reform will significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The information provided in this Base Prospectus may not reflect the future tax landscape accurately.

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

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

Risk related to a potential change of law

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, to the relevant applicable laws or administrative practice after the date of this Base Prospectus.

B.2) Risks related to the Underlyings

Risk related to the Underlying value

Many economic and market factors will influence the value of the Certificates. Generally, the value of the Underlying(s) on any day will likely affect the value of the Certificates more than any other single factor. However, investors should not expect the value of the Certificates in the secondary market to vary in proportion to changes in the value of the Underlying(s). Fluctuations in the value of the relevant Underlying will affect the value of the Certificates. Purchasers of Certificates risk losing their entire investment, or part of it, if the value of the relevant Underlying does not move in the anticipated direction.

An investment in the Certificates is therefore an appropriate investment for investors who have experience and knowledge on transactions concerning financial instruments whose value is linked to the Underlying.

The value and the return of the Certificates depend on the value of the Underlying, which may change in connection with a wide range of factors (including the gap between supply and demand, macroeconomic factors, the trend of interest rates, corporate actions, dividend distribution, micro-economic factors and speculative trading). It should also be considered that the historical data relating to the Underlying does not constitute an indication of its future performances.

The Issuer may select different methods to determine the value of the Underlying. In the case of several Valuation Dates, it may be determined as an arithmetic mean or as a maximum value or as a minimum value. In this case, the value of the Certificates will be affected by the Underlying performance over a longer period.

Each type of Underlying also entails specific risks. In particular:

- (i) if the Underlying is an Index, investors should consider that such Index may be a well-known and widely published index or an index which may not be widely published or available. The Index may reference, *inter alia*, equities, bonds, currency exchange rates, or other securities or it may be a property index referencing certain property price data which will be subject to market price fluctuations, or reference a number of different assets or indices. The Index used as Underlying may fall within the application of the Benchmark Regulation. In this respect, see also the risk "*Adjustment risk arising from significant events relating to the Underlying*";
- (ii) if the Underlying is a Share, investors should consider that an investment in Certificates with Share as Underlying may bear similar market risks to a direct equity investment and investors should

take advice accordingly. In the case of Certificates with Share as Underlying, no issuer of the underlying shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Certificates, and none of the Issuer or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Certificates. Investors will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Certificates relate;

- (iii) if the Underlying is an Exchange Rate, investors should consider that an investment in Certificates with Exchange Rate as Underlying may bear similar market risks to a direct investment in the exchange rate, and investors should take advice accordingly. Fluctuations in exchange rates will affect the value of the Certificates. Exchange Rates may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency, regardless of other market forces. Investors risk losing their entire investment if exchange rates do not move in the anticipated direction;
- (iv) if the Underlying is a Future, investors should consider that an investment in Certificates with Futures as Underlying may bear similar market risks to a direct futures contract investment, and investors should take advice accordingly. Financial futures contracts are standardised futures transactions that are linked to financial instruments (e.g. stocks, bonds, indices, interest rates and foreign currencies). Commodity futures contracts are standardized futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals). Generally, there is a strong correlation between the price development of an underlying financial instrument or commodity on the spot market and the corresponding futures exchange. However, the price of a futures contract will generally be traded at a premium on, or discount from, the spot price of the underlying. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g. in the case of commodities, warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the underlying, there can be significant differences in the liquidity of the spot and the futures markets. Investment in futures contracts involves certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain exchanges limit fluctuations in such futures contract prices pursuant to "daily limits". Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, contracts can neither be bought nor sold unless holders are willing to trade at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Such losses could have an adverse effect on the return of Certificates linked to the affected futures contracts. Any illiquidity disruption or force majeure event (such as an act of God, fire, flood, severe weather conditions, act of governmental authority or a labour dispute or shortage) is likely to have an adverse effect on the value of or trading in the underlying or futures contracts on such underlying and adversely affect the value of the Certificates. Where the Certificates are linked to the exchange price of a futures contract, knowledge of the market of the underlying to which the futures contract is linked as well as of the functioning and evaluation factors of futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Certificates;

- (v) if the Underlying is a Commodity, investors should consider that an investment in Certificates with Commodities as Underlying may bear similar market risks to a direct commodity investment, and investors should take advice accordingly. Where the Certificates are linked to a commodity index, such commodity index may be a well-known and widely available commodity index or a commodity index which may be less well known in which case information (including past performance) may be less readily available. The commodity index may be comprised of futures contracts, mono-indices, or other commodity indices;
- (vi) if the Underlying is an Interest Rate, investors should consider that such Interest Rate may be a well-known and widely published interest rate or an interest rate which may not be widely published or available. The Interest Rate used as Underlying may fall within the application of the Benchmark Regulation. In this respect, see also the risk "*Adjustment risk arising from significant events relating to the Underlying*";
- (vii) if the Underlying is a Fund, investors should consider that an investment in Certificates with Funds as Underlying may bear similar market risks to a direct fund investment, and investors should take advice accordingly. The price of units or shares in a fund or the level of the fund index may be affected by the performance of the Management Company, and in particular the Fund Manager. No Management Company will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Certificates, and none of the Issuer or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of fund shares or units contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the fund shares or units or the level of the fund index will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of fund shares or units could affect the trading price of the fund shares or units or the level of the fund index and therefore the trading price of the Certificates. Certificates with Funds as Underlying do not provide investors with any participation rights in the Fund and do not entitle to any ownership interest or rights in such Fund. Investors will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant fund shares or units or the relevant fund index to which such Certificates relate. In case of exchange traded funds ("**ETFs**"), investors should consider that ETFs generally aim to replicate the performance of a particular index, basket or individual asset ("**ETF-Benchmark**"). However, the constitutional documents or the investment program of an ETF allow the ETF-Benchmark to be replaced in certain circumstances. As a result, the ETF might not continuously replicate the performance of the original ETF-Benchmark. ETFs may either replicate the performance of an ETF-Benchmark fully by investing directly in the assets included in the relevant benchmark or use synthetic replication techniques like swaps or other sampling techniques. The value of ETFs is therefore particularly dependent on the value and performance of the assets and securities used to replicate the ETF-Benchmark. Nevertheless, differences between the unit price of the ETF and the actual value of the ETF-Benchmark cannot be ruled out. In contrast to other funds ETFs are generally not actively managed. Instead, investment decisions are predetermined by the relevant ETF-Benchmark and its constituent assets. A negative performance of the ETF-Benchmark usually results in a decline of the ETF's net asset value and the unit price determined on the relevant exchange. Moreover, the replication of a ETF-Benchmark typically entails additional risks such as the risk that some ETF-Benchmark constituents may be illiquid or the credit risk relating to swap counterparties; in particular, ETFs using derivatives to replicate or hedge positions may incur disproportionately high losses in the case of an unexpected negative performance by the ETF-Benchmark due to the leverage effect. There can be no guarantee in the case of ETFs that an admission to trading or quotation can be maintained at all times. The unit price of an ETF is composed of the total value

of all the securities in its portfolio, less any liabilities, i.e. the net asset value. A decline in the unit price or value of the fund's securities or other investments while replicating the performance of an ETF-Benchmark will result in losses for the fund and the fund units. Even a wide spread of investments and broad diversification cannot exclude the risk of a decline in the unit prices due to the negative development of particular markets. The unit price of an ETF is determined on the basis of supply and demand. This unit price may differ from the final net asset value published by the investment fund. Divergences may therefore arise between the unit price and the actual net asset value during trading hours.

Risk related to the issuance of ESG Rating by rating agencies

The agencies that will issue the ESG Rating are not regulated and subject to supervisory controls. This implies less guarantees for the investor regarding the quality of the ratings provided by these agencies.

In addition, it should be noted that a non-high-quality ESG Rating assigned to an Underlying could increase the deterioration's possibility of the ESG Rating below the ESG Rating Threshold, as defined (if any) in Condition 18.7 ("*Adjustment Events in relation to Underlying with an ESG Rating*") of this Base Prospectus with the consequence that the Certificate could expire early and the investor could receive the payment of an amount equal to the Certificates Fair Market Value. The Certificate could expire early and the investor could receive payment of an amount equal to the Certificates Fair Market Value even if the Underlying loses its ESG Rating.

For further information please refer to Condition 18.7 ("*Adjustment Events in relation to Underlying with an ESG Rating*") of this Base Prospectus.

Correlation risk

When the Cash Settlement Amount is to be determined on the basis of the difference between the performance or value of the Long Underlying and of the Short Underlying, the investors should consider that such difference is inversely proportional to the correlation of the two underlyings.

Therefore, the strategy behind investing in such Certificates requires a low correlation expectation between the underlyings during the life of the Certificate and an expectation that the performance of the Long Underlying will be higher than the performance of the Short Underlying.

In addition, if the Underlying of the Certificates is represented by a Basket, the value and the return of the Certificates depend on the correlation between the basket components. In particular, the more negative is the correlation between the basket components, the lower will be chance for the investor to get a positive return from the Certificates.

Risk arising from Market Disruption Event

If on a relevant date to determine the value of the Underlying (which is relevant to fix the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value) a Market Disruption Event occurs, as specified in the following Condition 17, the Issuer will determine the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value acting in good faith and in a commercially reasonable manner in order to neutralise the effects which the Market Disruption Event has caused to the Certificates

Adjustment risk arising from significant events relating to the Underlying

In the event of significant events relating to the Underlying, the Issuer will be entitled to make adjustments to the Underlying, which could adversely affect the performance of the Certificates.

In particular, adjustments shall be made under the circumstances provided for in Section 18 of this Base Prospectus and, in any case, in order to procure that the economic value of the Certificates following an Adjustment Event is equal, as far as possible, to the economic value of the Certificates before the occurrence of the Adjustment Event. If an Adjustment Event has occurred and its negative effects cannot be corrected, the Issuer may redeem the Certificates early by paying an amount calculated on the basis of the market value of the Certificates, as determined by the Calculation Agent, acting in good faith and in accordance with the market practice, on the basis of any relevant information and/or elements.

Prospective investors should consider that the new regulation on indices used as benchmarks could adversely affect the value of the related Certificates.

In particular, an interest rate or an index used as Underlying of the Certificates may be considered as a benchmark (the "**Benchmark**") within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016 and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**"), which was published in the Official Journal on 29 June 2016 and most of which provisions applied since 1 January 2018. The Benchmark Regulation applies to the provision of "Benchmarks", the contribution of input data to a "Benchmark" and the use of a "Benchmark" within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could also have a material impact on any Certificates linked to a "Benchmark" index, in particular if the methodology or other terms of that Benchmark should be changed in order to comply with the terms of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or affecting the volatility of the relevant Benchmark. Generally, any of the international, national or other reforms or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on Benchmarks; (i) discouraging market participants from continuing to administer or participate in certain Benchmarks; (ii) trigger changes in the rules or methodologies used in certain Benchmarks; and/or (iii) lead to the disappearance of certain Benchmarks. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Certificates.

Finally, if the Underlying is composed of a financial asset with ESG Rating, such Underlying may be subject to ESG Rating related Events (as defined in Condition 18.7 ("*Adjustment Events in relation to Underlying with an ESG Rating*"). On the occurrence of an ESG Rating related Event, the Issuer shall replace the Underlying with another Share, Index, Fund or one or more components of the Basket such that the Certificate maintains a fair value not less than it had before the occurrence of the ESG Rating related Event. If the replacement of the Underlying could not be made, the Certificates shall be deemed to have expired early, and the Issuer shall be discharged from any obligation in relation to such Certificates by payment of an amount equal to the Certificates Fair Market Value.

For details of the adjustment criteria, please refer to Condition 18.7 ("*Adjustment Events in relation to Underlying with an ESG Rating*")

B.3) Risks related to the public offering and / or to the trading of the Securities

Liquidity risk

The Issuer will specify in the Final Terms the regulated market and/or multilateral trading facility where it will request the admission to trading of the Certificates.

The admission to trading on a regulated market and/or on a multilateral trading facility does not assure as such an adequate level of liquidity. Investors should consider that there is no guarantee that the secondary market of the Certificates is a liquid market and, therefore, the price of the Certificates may be affected by their limited liquidity. Therefore, it could be difficult or even impossible for the Securityholder to disinvest before the maturity of the Certificates at a price in line with the market value, which could, therefore, be lower than the Issue Price.

The Final Terms will include details about the entity that will act as specialist in a regulated market and/or in a multilateral trading facility. In this respect, the specialist could also be the Issuer.

In addition, since during the Offering Period the Issuer has the right, at any time, to proceed with the early closure of the offer, the reduction of the aggregate amount of Certificates offered may have a negative impact on the liquidity of the Certificates to be issued.

Risk related to the impact of commissions and cost embedded in or, in addition to, the Issue Price / Nominal Value of the Certificates

The relevant Final Terms may provide for the payment of commissions / costs embedded in or, in addition to the Issue Price / Nominal Value of the Certificates.

Investors should consider that these commissions / costs are not taken into account for the purposes of determining the price of the Certificates in the secondary market. Therefore, in the secondary market, the price of the Certificates will be lower than the Issue Price / Nominal Value of the primary market.

Risk related to the exercise or trading fees

The Issuer does not impose any exercise or trading fees. However, investors should consider that any financial intermediary may impose exercise and/or trading fees. In this case, where the Cash Settlement Amount is lower than such fees, investors will not benefit from the exercise of the Certificates or any selling on the secondary market may be unprofitable.

Risk related to potential conflicts of interest

The entities involved in the issue and the distribution of the Certificates may have an independent interest in relation to the transaction, which could result in a conflict of interest with investors. In addition to any other conflict of interest specified in the applicable Final Terms, investors should carefully consider that:

- (i) the Issuer, or other companies belonging to the group of the Issuer, may act as Calculation Agent in respect of the Certificates;
- (ii) the Issuer, or other companies belonging to the group of the Issuer, may act as a Manager in respect of a distribution of the Certificates;
- (iii) the Issuer, or other companies belonging to the group of the Issuer, may act as specialist in relation to the Certificates on the regulated market or multilateral trading facility where the Certificates are traded;
- (iv) the Issuer, or other companies belonging to the group of the Issuer, may operate, for various reasons, on the Underlying. The Issuer and/or such other entities may, for example, enter into negotiations in respect of the Underlying or carry out hedging transactions. The value of the Underlying and, consequently, the value of the Certificates could be adversely affected by such trading activities. In addition, the Issuer or other companies belonging to the group of the Issuer, may issue derivative financial instruments, other than Certificates, relating to the Underlying, which could affect their value;
- (v) the Issuer may hedge risks relating to the issue by entering into hedging contracts with counterparties which belong to the group of the Issuer;

- (vi) the Managers will receive by the Issuer placement commissions in relation to the placement activities of the Certificates.

All the above scenarios may result in situations of conflict of interest as they may potentially affect the value of the Certificates.

Risk related to the withdrawal of the Offer

The Issuer reserves the right, during the Offer Period and in any case before the Issue Date, to withdraw in whole or in part the Offer of the Certificates. This decision will be promptly notified to the public by means of a notice to be published on the website of the Issuer and of the Manager(s), if applicable.

In such circumstances, the acceptance forms will be deemed to be null and void according to the terms indicated in the relevant Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus. The documents set out below that are incorporated by reference in this Base Prospectus are direct translations into English from the original Italian language documents. The Issuer takes responsibility for such translations.

The information that is not included in the cross-reference list below is not incorporated by reference. The non-incorporated parts are either not relevant for the investor or covered elsewhere in the Base Prospectus.

1. the English translation of audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2021 (the “**2021 Annual Financial Statements**”), which were audited by PricewaterhouseCoopers S.p.A., together with the audit report prepared in connection therewith. The 2021 Annual Financial Statements is available at https://gruppo.bancobpm.it/media/dlm_uploads/Consolidated-2021-Annual-Report-post-assemblea.pdf;

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* The page numbers identified are those of the complete Consolidated Annual Report of Banco BPM relating to the year ended December 2021 and 2022, respectively including, *inter alia*, the 2021 Annual Financial Statements and the 2022 Annual Financial Statements, respectively.

2. the English translation of audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2022 (the “**2022 Annual Financial Statements**”), which were audited by PricewaterhouseCoopers S.p.A., together with the audit report prepared in connection therewith. The 2022 Annual Financial Statements is available at https://gruppo.bancobpm.it/media/dlm_uploads/Annual-Report BPM 2022.pdf;

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* The page numbers identified are those of the complete Consolidated Annual Report of Banco BPM relating to the year ended December 2021 and 2022, respectively including, *inter alia*, the 2021 Annual Financial Statements and the 2022 Annual Financial Statements, respectively.

3. The sections of the English translation of the unaudited consolidated interim financial report as at and for the six months ended 30 June 2023 (the “**2023 Consolidated Interim Financial Report**”). The 2023 Consolidated Interim Financial Report is available at https://gruppo.bancobpm.it/media/dlm_uploads/Consolidated-interim-financial-report-as-at-30-June-2023.pdf;

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4. The press release dated 14 July 2023 entitled “Banco BPM – BCC Iccrea Group – FSI: Italy’s second largest pole in the Payments business is born”, with the exclusion of pages 4 and 5, which is available at: https://gruppo.bancobpm.it/media/dlm_uploads/2023_07_14-Banco-BPM-BCC-Iccrea-Group-FSI-.Italy-second-largest-pole-in-the-Payments-business-is-born.pdf;

5. The press release dated 28 July 2023 entitled “Banco BPM: EU-wide stress test 2023”, which is available at: https://gruppo.bancobpm.it/media/dlm_uploads/2023_07_28-Banco-BPM-Results-of-2023-EU-wide-Stress-Test-1.pdf;
6. The press release dated 22 November 2023 entitled “Banco BPM has successfully launched a social senior preferred bond for euro 500 million to institutional investors only” which is available at: <https://gruppo.bancobpm.it/download/banco-bpm-has-successfully-launched-a-social-senior-preferred-bond-for-euro-500-million-to-institutional-investors-only>;
7. The press release dated 27 November 2023 entitled “Banco BPM concludes the buyback of one series of its perpetual notes and the issue of new euro-denominated additional tier 1 notes” which is available at: <https://gruppo.bancobpm.it/download/banco-bpm-concludes-the-buyback-of-one-series-of-its-perpetual-notes-and-the-issue-of-new-euro-denominated-additional-tier-1-notes>;
8. The press release dated 8 December 2023 entitled “Banco BPM far exceeds the capital requirements set by the ECB for 2024” which is available at: <https://gruppo.bancobpm.it/download/banco-bpm-far-exceeds-the-capital-requirements-set-by-the-ecb-for-2024>;
9. The press release dated 15 December 2023 entitled “Closing of bancassurance deal”, which is available at: <https://gruppo.bancobpm.it/download/closing-of-bancassurance-deal>;
10. The press release dated 8 February 2024 entitled “Results as of 31 December 2023” (the “**2023 Results Press Release**”), which has been published and filed with the CSSF and is available at: https://gruppo.bancobpm.it/media/dlm_uploads/2024_02_08-Banco-BPM-FY-2023-Group-Results.pdf, with the exclusion of (i) the fourth, fifth and sixth bullet points on page 1 and (ii) the last paragraph of the section entitled “*Business Outlook*” on page 18.

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* with the exclusion of (i) the fourth, fifth and sixth bullet points on page 1.

** with the exclusion of (ii) the last paragraph on page 18.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Issuing and Paying Agent for the time being in Luxembourg, with regards to the Bearer Securities. This Base Prospectus is available on the official website of the Issuer at <https://gruppo.bancobpm.it/investor-relations/strumenti-di-debito/emissioni-internazionali/> and on the official website of the Luxembourg Stock Exchange at www.luxse.com and all documents incorporated by reference herein are available on the official website of the Issuer at <https://gruppo.bancobpm.it/en/press-and-media/press-releases/>, and on the official website of the Luxembourg Stock Exchange at www.luxse.com.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus, which supplement will be approved by the CSSF in accordance with the Luxembourg applicable laws and regulations, or publish a new base prospectus for use in connection with any subsequent issue of Securities. Any supplement to this Base Prospectus will be published on the official website of the Issuer at <https://gruppo.bancobpm.it/investor-relations/strumenti-di-debito/emissioni-internazionali/> and on the website of the Luxembourg Stock Exchange at www.luxse.com.

The information contained on the website of the Issuer does not form part of this Base Prospectus, unless they are incorporated by reference hereto.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the Terms and Conditions (the Conditions) of the Securities which will apply to each issue of Securities and, except in the case of Italian Dematerialised Securities, be incorporated by reference into each Global Security. The terms of the Final Terms (the "Final Terms") applicable to a specific issue of Securities complete and specify the Terms and Conditions of the Securities. The applicable Final Terms, together with the Terms and Conditions of the Securities, represent the conditions applicable to the relevant issue of Securities.

The Securities are certificates (hereinafter referred to as the "**Securities**" or the "**Certificates**") issued by BANCO BPM S.p.A. (the "**Issuer**") in bearer form. The Securities, if so specified in the applicable Final Terms, may also be Italian Dematerialized Securities. References in these Conditions to Security and Securities (or Certificate and Certificates) will be construed accordingly and shall be deemed to be referred also to Italian Dematerialized Securities, unless otherwise expressly specified.

The Securities (other than Italian Dematerialised Securities) are issued pursuant to an Agency Agreement dated on or about 12 March 2024 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer and BNP PARIBAS, Luxembourg Branch, acting as issuing and paying agent (the "**Issuing and Paying Agent**", which expression shall include any successor agent and, together with any additional agents appointed pursuant to the Agency Agreement) and as Luxembourg listing agent (the "**Luxembourg Listing Agent**", which expression shall include any additional or successor agents).

Copies of the Agency Agreement (which contains the form of the Final Terms) and the applicable Final Terms are available at the specified office of the Issuing and Paying Agent, save that if the Securities are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Securityholder holding one or more Securities (as detailed below) and such Securityholder must produce evidence satisfactory to the Issuer or the Issuing and Paying Agent as to its holding of such Securities and identity.

The paying agent role in relation to Italian Dematerialised Securities will be performed by Banco BPM S.p.A..

References herein to the "**applicable Final Terms**" or "**relevant Final Terms**" are to Part A of the Final Terms or each Final Terms (in the case of any further securities issued pursuant to Condition 11 and forming a single series with the Securities), which for the avoidance of doubt may be issued in respect of more than one series of Securities.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

The Securityholders are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Agency Agreement (insofar as they relate to the Securities) and the applicable Final Terms, which are binding on them.

Banco BPM S.p.A. shall undertake the duties of calculation agent (in this capacity, the "**Calculation Agent**") in respect of the Securities (including Italian Dematerialised Securities) unless another entity is specified as Calculation Agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Securities, include such other specified Calculation Agent.

1. FORM, TITLE AND TRANSFER

1.1 Form

All the Securities are issued in bearer form either in Global Form or as Italian Dematerialized Securities.

Global Form

Each series of Securities will on issue be constituted by either (a) in the case of Securities with a maturity of more than one year, a temporary global security in bearer form ("**Temporary Global Security**") or (b) in the case of Securities with a maturity of one year or less, a permanent global security in bearer form ("**Permanent Global Security**" and together with the Temporary Global Security, "**Global Securities**" and each a "**Global Security**") as indicated in the applicable Final Terms which, in either case, will be deposited with a depositary ("**Common Depositary**") common to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**").

On or after the 40th day following the Issue Date of the Temporary Global Securities (the Exchange Date) the Temporary Global Security will be exchangeable (a) for a Permanent Global Security or (b) for bearer securities in definitive form (Definitive Securities, and the expression Definitive Certificates shall be construed accordingly), as indicated in the applicable Final Terms and in each case only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Security are not United States persons or persons who have purchased for resale directly or indirectly to any United States person or to a person within the United States, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certification received) to the Issuing and Paying Agent. A Permanent Global Security will be exchangeable (free of charge), in whole but not in part, for Definitive Securities only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) and have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) as a result of a change in law, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Securities represented by the Securities in definitive form. The Issuer will promptly give notice to Securityholders in accordance with Condition 9 if an Exchange Event occurs. No Definitive Security delivered in exchange for a Temporary Global Security or a Permanent Global Security, as the case may be, will be mailed or otherwise delivered to any location in the United States or its possessions.

While any Security is represented by a Temporary Global Security, payments of principal and interest due prior to the Exchange Date will be made (i) only outside the United States, and (ii) only to the extent of certification of beneficial ownership (as described above).

The following legend will appear on all Securities with a maturity of more than one year:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

In respect of Securities (other than Italian Dematerialised Securities), the applicable Final Terms will be attached to the Global Security or any Securities in definitive form.

Italian Dematerialised Securities

Italian Dematerialised Securities will be issued in bearer (*al portatore*), uncertificated and dematerialised book-entry form into Monte Titoli S.p.A. (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy, or any successor clearing system thereto) ("**Monte Titoli**") pursuant to Italian legislative decree no. 58/1998, as amended and implemented and subsequent implementing provisions ("**Italian Dematerialised Securities**"). Italian Dematerialised Securities will not be issued in definitive form. However, the holder still has the right to obtain the release of the certificate pursuant to articles 83-*quinquies* and 83-*novies*, paragraph 1, letter b), of the Italian legislative decree no. 58/1998 as amended and integrated by subsequent implementing provisions.

1.2 Title

For so long as the Securities are represented by a Global Security, each person (other than Euroclear or Clearstream Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent and the Calculation Agent as the holder of such number of Securities for all purposes (and the expressions Securityholder and holder of Securities and related expressions shall be construed accordingly).

For so long as any of the Securities are Italian Dematerialised Securities, the person who is for the time being shown in the records of Monte Titoli as the holder of a particular amount of Securities (in which regard any certificate, record or other document issued by Monte Titoli as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall (except as otherwise required by applicable law) be treated for all purposes by the Issuer and all other persons dealing with such person as the holder thereof and as the person entitled to exercise the rights represented thereby notwithstanding any notice to the contrary (and the expressions Securityholder and holder of Securities and related expressions shall be construed accordingly, except where Italian law is applicable, in which case Securityholder and holder of Securities will be exclusively deemed to be the beneficial owner of the Italian Dematerialised Securities). The Issuer shall cause Italian Dematerialised Securities to be dematerialised and centralised with Monte Titoli, pursuant to Italian legislative decree no. 58/1998 as amended and integrated by subsequent implementing provisions.

1.3 Transfers

For so long as the Securities are represented by Definitive Securities, title to the Securities will pass by delivery.

For so long as the Securities are represented by a Global Security, all transactions (including transfers of Securities) in the open market or otherwise must be effected through an account at Euroclear or Clearstream, Luxembourg, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg (as the case may be).

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Issuing and Paying Agent from time to time and notified to the Securityholders in accordance with Condition 9.

Any transfer or attempted transfer in or into the United States or to, or for the account or benefit of, a United States person shall be null and void *ab initio* and shall vest no rights in the purported transferee (the "**Disqualified Transferee**") and the last preceding holder that was not a Disqualified Transferee shall be restored to all rights as a Securityholder thereof retroactively to the date of transfer of such interest by the relevant Securityholder.

For so long as the Securities are Italian Dematerialised Securities, the Securities are held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli account holders. Italian Dematerialised Securities will at all times be held in book entry form and title to the Italian Dematerialised Securities will be evidenced by book entries pursuant to the relevant provisions of Italian legislative decree no. 58/1998, as amended and integrated by subsequent implementing provisions, and in accordance with CONSOB and Bank of Italy Joint Regulation dated 13 August 2018, as amended from time to time. The Securityholders may not require physical delivery of the Italian Dematerialised Securities. However, the Securityholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* of Italian legislative decree no. 58/1998, as amended and integrated by subsequent implementing provisions. Italian Dematerialised Securities will be transferable only in accordance with the rules and procedures for the time being of Monte Titoli. In particular, the transfer of the Italian Dematerialised Securities operates by way of registration in the accounts opened with Monte Titoli by the intermediaries adhering to the clearing system. As a consequence, the subject who from time to time is the owner of the account held with an intermediary adhering, directly or indirectly, to Monte Titoli, in which the Italian Dematerialised Securities are credited, is considered as the legitimate beneficial owner of the Italian Dematerialised Securities and is authorised to exercise all rights related to them.

2. STATUS OF THE SECURITIES

The obligations of the Issuer under the Securities constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking (subject to any obligations preferred by any applicable law (also subject to the bail-in instruments as implemented under Italian law)) *pari passu* with all other unsecured obligations (other than obligations ranking junior to senior notes from time to time (including non-preferred senior notes and any further obligations permitted by law to rank junior to the senior notes following the Issue Date), if any) of the Issuer, present and future and *pari passu* and rateably without any preference among themselves.

3. DEFINITIONS

For the purposes of these Conditions, the following definitions will apply:

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes control means ownership of a majority of the voting power of an entity.

"**Airbag**" means the percentage that may be specified in the applicable Final Terms.

"**Autocallable**" means the feature that may be specified in the relevant Final Terms that determines the early redemption of the Certificates upon the occurrence of an Early Redemption Event n-th.

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

"Barrier" means the feature that may be specified in the applicable Final Terms that determines, upon the occurrence of the Barrier Event, a different calculation method of the Cash Settlement Amount.

"Barrier Down" means, in relation to Butterfly Protection Certificates, the percentage indicated as such in the Final Terms. This percentage will be set lower than 100%.

"Barrier Down Event" means, in relation to the Butterfly Protection Certificates, the event that occurs when the Calculation Agent determines that the Underlying Value or the Underlying Final Value is equal to, or lower than the Barrier Down Level on at least one date included in the Barrier Down Event Valuation Period.

"Barrier Down Event Valuation Period" means, in relation to the Butterfly Protection Certificates, one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Barrier Down Event.

"Barrier Down Level" means, in relation to Butterfly Protection Certificates, the value specified in the applicable Final Terms that determines the occurrence of the Barrier Down Event, expressed as (i) a percentage of the Underlying Initial Value, or (ii) a percentage of the Underlying Value.

"Barrier Event" means, when the Barrier feature applies, the event that occurs when the Calculation Agent determines that the Underlying Value or Underlying Final Value is equal to, higher than or lower than the Barrier Level on at least one date included in the Barrier Event Valuation Period.

"Barrier Event Valuation Period" means, when the Barrier feature applies, one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Barrier Event.

"Barrier Level" means, when the Barrier feature applies, the value specified in the applicable Final Terms that determines the occurrence of the Barrier Event, expressed as (i) a percentage of the Underlying Initial Value, or (ii) a percentage of the Underlying Value.

"Barrier Up" means, in relation to Butterfly Protection Certificates, the percentage indicated as such in the Final Terms. This percentage will be set higher than 100%.

"Barrier Up Event" means, in relation to Butterfly Protection Certificates, the event that occurs when the Calculation Agent determines that the Underlying Value or the Underlying Final Value is equal to, or higher than the Barrier Up Level on at least one date included in the Barrier Down Event Valuation Period.

"Barrier Up Event Valuation Period" means, in relation to the Butterfly Protection Certificates, one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Barrier Up Event.

"Barrier Up Level" means, in relation to Butterfly Protection Certificates, the value specified in the applicable Final Terms that determines the occurrence of the Barrier Up Event, expressed as (i) a percentage of the Underlying Initial Value, or (ii) a percentage of the Underlying Value.

"Basket" means a portfolio composed of two or more financial assets (each a Basket Constituent) that may constitute the Underlying of the Certificates, as specified in the relevant Final Terms.

"Basket Constituent" means, when the Underlying of the Certificates is a Basket, each financial asset included in such Basket, as specified in the applicable Final Terms.

"Basket Constituent Weight" means, when the Underlying of the Certificates is a Basket, the percentage specified in the applicable Final Terms in relation to each Basket Constituent.

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

"Best Of" means the feature that may be specified in the applicable Final Terms pursuant to which the Calculation Agent selects, for the purpose of the determination of an event and/or an amount specified in the applicable Final Terms, the Best Of Underlying.

"Best Of Underlying" means, when the Best Of feature applies, the Underlying which has registered the best Performance.

"Bonus" means the percentage that may be specified in the applicable Final Terms.

"Bonus Level" means the value specified in the relevant Final Terms, expressed as follows:

- (a) in case of Bonus Certificates:
 - (i) the product between the Bonus and the Underlying Initial Value, or
 - (ii) a predetermined value.
- (b) in case of Reverse Bonus Certificates:
 - (i) the product between the difference (200% - Bonus) and the Underlying Initial Value, or
 - (ii) a predetermined value.

"BRRD" means Directive 2014/59/EU of the Parliament and of the Council of the European Union establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time.

"Business Day" means a day which is both:

- (a) a day on which commercial banks and exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) specified in the applicable Final Terms and on which each of Euroclear and Clearstream, Luxembourg is open for business (or, where the Securities are Italian Dematerialised Securities, a day on which Monte Titoli is open for business); and

- (b) either (i) in relation to any sum payable in a Settlement Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Settlement Currency (if other than London and any Business Day Centre and which if the Settlement Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") or any successor thereto is open (and, where the Securities are Italian Dematerialised Securities, a day on which Monte Titoli is open for business).

"**Business Day Centre**" means the city or the cities specified in the applicable Final Terms.

"**Calculation Agent**" means the Issuer or such other calculation agent specified in the applicable Final Terms.

"**Cap**" means, as the case may be, either the feature that may be specified in the applicable Final Terms in relation to the Cash Settlement Amount or a percentage specified in the applicable Final Terms.

"**Cap Down**" means, in relation to Butterfly Protection Certificates, as the case may be, either the feature that may be specified in the applicable Final Terms in relation to the Cash Settlement Amount or a percentage specified in the applicable Final Terms.

"**Cap Down Level**" means, in relation to Butterfly Protection Certificates with Cap Down, the value specified in the relevant Final Terms, expressed as either (i) the product between the Cap Down Percentage and the Underlying Initial Value, or (ii) a predetermined value.

"**Cap Down Percentage**" means, in relation to Butterfly Protection Certificates with a Cap Down, the percentage calculated in accordance with the formula set out, in relation to each Product Type, within Condition 4.

"**Cap Level**" means, when the Cap feature applies, the value specified in the relevant Final Terms, expressed as either (i) the product between the Cap Percentage and the Underlying Initial Value, or (ii) a predetermined value.

"**Cap Percentage**" means the percentage calculated in accordance with the formula set out, in relation to each Product Type, within Condition 4.

"**Cap Up**" means, in relation to Butterfly Protection Certificates, as the case may be, either the feature that may be specified in the applicable Final Terms in relation to the Cash Settlement Amount or a percentage specified in the applicable Final Terms.

"**Cap Up Level**" means, in relation to Butterfly Protection Certificates with a Cap Up, the value specified in the relevant Final Terms, expressed as either (i) the product between the Cap Up Percentage and the Underlying Initial Value, or (ii) a predetermined value.

"**Cap Up Percentage**" means, in relation to Butterfly Protection Certificates with a Cap Up, the percentage calculated in accordance with the formula set out, in relation to each Product Type, within Condition 4.

"**Capital Lock-in Event p-th**" means the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than the Capital Lock-in Level p-th on the relevant Capital Lock-in Valuation Period p-th. If a Capital Lock-in Event p-th occurs, the Securityholders are entitled to receive at least an amount equal to 100% of Notional Amount at Maturity Date.

"Capital Lock-in Threshold p-th" means the percentage specified in the relevant Final Terms in relation to the relevant Capital Lock-in Valuation Period p-th. The number of Capital Lock-in Thresholds is equal to "P".

"Capital Lock-in Level p-th" means the value equal to the product between the Capital Lock-in Threshold p-th and either (i) the Underlying Initial Value, or (ii) the Underlying Value, as specified in the applicable Final Terms. The Capital Lock-in Level p-th may differ for each Capital Lock-in Valuation Period p-th, as specified in the applicable Final Terms.

"Capital Lock-in Valuation Period p-th" means the period composed of one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Capital Lock-in Event p-th.

"Cash Settlement Amount" means the amount in the Settlement Currency which the Securityholder is entitled to receive on the Settlement Date in relation to each Security, as determined by the Calculation Agent pursuant to the provisions under Condition 4. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Securities exercised or redeemed, as the case may be, at the same time by the same Securityholder will be aggregated for the purpose of determining the aggregate Cash Settlement Amount payable.

"Certificates Fair Market Value" means, in the case of a Market Disruption Event or an Adjustment Event as defined in Conditions 17 and 18, the value of the Certificates provided by the Calculation Agent, pursuant to the market practice, acting in good faith.

"Clearing System" means Euroclear or Clearstream, Luxembourg or such other clearing system as may be specified in the applicable Final Terms.

"Commodity" means the commodity indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms.

"Constant Leverage Expiry Date" means, for Constant Leverage Certificates, (a) the date on which the Securityholder effectively exercises the Securities or (b) the date on which the Issuer ordinarily terminates the Securities or, in other case, (c) the Maturity Date.

"Definition Date" means for each Series of Certificates with Underlying represented by an Interest Rate, the date indicated as such in the relevant Final Terms.

"Delivery Date" means the date specified in the applicable Final Terms in case of an offer of Certificates, on which the Certificates are delivered to the Securityholder against payment of the Issue Price.

"Digital Amount i, k-th" means the amount in the Settlement Currency to be paid to the Securityholders on the Digital Payment Date i-th if the Digital Coupon Event i-th occurred.

"Digital Combo" means, in relation to Certificates linked to a Basket or to more than one Underlying, the calculation method pursuant to which the Calculation Agent determines the occurrence of the Digital Coupon Event i-th in relation to each Basket Constituent or each Underlying. The amount of the Digital Amount will therefore depend on the number of Basket Constituents or Underlyings in relation to which the Digital Coupon Event i-th has occurred.

"Digital Coupon i, k-th" means the percentage specified in the applicable Final Terms to be applied to the Nominal Value in order to determine the Digital Amount i, k-th that the Securityholders are entitled to receive on the Digital Payment Date i-th when the Digital Coupon Event i-th occurs. The sequencing of the Digital Coupons is defined by a progressive numbering, i, ranging from 1 to I. For each time "i", representing a Digital Valuation Period, different Digital Coupon Thresholds may be provided. The number of Digital Coupon Thresholds is defined for each i by a progressive numbering, k, ranging from 1 to K.

"Digital Coupon Event i-th" means the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than at least one of the Digital Coupon Level i, k-th on the Digital Valuation Period i-th. When the Digital Coupon Event i-th occurs, the Securityholders are entitled to receive only the Digital Amount i, k-th provided in relation to the higher or lower Digital Coupon Level i, k-th reached by the Underlying Value on the relevant Digital Valuation Period i-th.

"Digital Coupon Threshold i, k-th" means the percentage specified in the applicable Final Terms in relation to the relevant Digital Valuation Period i-th. In relation to each Digital Valuation Period, there are "K" Digital Coupon Thresholds. Therefore, the number of Digital Coupon Thresholds is equal to the product between "I" and "K". In addition, the Digital Coupon Thresholds may differ for each Digital Valuation Period i-th.

"Digital Coupon Level i, k-th" means the value equal to the product between the Digital Coupon Threshold i, k-th and either (i) the Underlying Initial Value, or (ii) the Underlying Value, as specified in the applicable Final Terms. The number of Digital Coupon Levels is equal to the product between "I" and "K". When K = 1, the Digital Coupon Level i,1 is indicated as Digital Coupon Level i. When K = 2, the Digital Coupon Level i,1 will be lower or higher than the Digital Coupon Level i,2.

"Digital Payment Date i-th" means the date specified in the applicable Final Terms on which the Digital Amount i, k-th is paid to the Securityholders.

"Digital Valuation Period i-th" means the period composed of one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Digital Coupon Event i-th.

"Down Participation" means the percentage indicated in the applicable Final Terms that represent the participation in the decreasing performance of the Underlying.

"Early Payment Date n-th" means, when the Autocallable feature applies, the date on which the Early Redemption Amount n-th is paid to the Securityholders.

"Early Redemption Amount n-th" means, when the Autocallable feature applies, the amount in the Settlement Currency to be paid to the Securityholders on the Early Payment Date n-th if the Early Redemption Event n-th occurred equal to the product between the Early Redemption Percentage and the Nominal Value.

"Early Redemption Date" means, when the Autocallable feature applies, the date on which the Early Redemption Event n-th occurs and the Certificates are early redeemed.

"Early Redemption Event n-th" means, when the Autocallable feature applies, the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than the Early Redemption Level n-th on the Early Redemption Valuation Period n-th. When the Early Redemption Event n-th occurs, the Securityholders are entitled to receive a Cash Settlement Amount equal to the product between the Nominal Value and the Early Redemption Percentage n-th, the Certificates will be early redeemed and no further amount will be paid to the Securityholders.

"Early Redemption Percentage n-th" means, when the Autocallable feature applies, the percentage specified in the applicable Final Terms.

"Early Redemption Threshold n-th" means, when the Autocallable feature applies, the percentage specified in the applicable Final Terms in relation to the relevant Early Redemption Valuation Period n-th. The Early Redemption Threshold n-th, multiplied by either (i) the Underlying Initial Value, or (ii) the Underlying Value, as specified in the applicable Final Terms, determines the Early Redemption Level n-th.

"Early Redemption Level n-th" means, if the Autocallable feature is indicated in the Final Terms as applicable, the value equal to the product between the Early Redemption Threshold n-th and either (i) the Underlying Initial Value, or (ii) the Underlying Value, as specified in the applicable Final Terms.

"Early Redemption Valuation Period n-th" means, when the Autocallable feature applies, the period composed of one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Early Redemption Event n-th.

"Exchange Business Day" means:

- (a) when the Underlying is neither an Index nor an Interest Rate, any day that is considered an exchange business day by the relevant Reference Exchange provided that on such day the Reference Exchange is open for trading. When a Market Disruption Event occurs on one of these days, such day shall not be considered an Exchange Business Day;
- (b) when the Underlying is an Index or an Interest Rate, any day on which the value of the Index or of the Interest Rate is published by the Sponsor. When a Market Disruption Event occurs on one of these days, such day shall not be considered an Exchange Business Day;
- (c) when the Underlying is a Basket, any day that is an Exchange Business Day for all the Basket Constituents in accordance with points (a) and (b) above.

In the event that one or more dates relevant to fix the Underlying Value, the Underlying Initial Value or the Underlying Final Value, do not fall on an Exchange Business Day, such dates shall be moved to the next day or to the previous day (as specified in the relevant Final Terms from time to time), which is an Exchange Business Day.

When the Underlying is a Basket or when Best Of or Worst Of features apply, in the event that one or more dates relevant to fix the Underlying Value, the Underlying Initial Value or the Underlying Final Value, do not fall on an Exchange Business Day for one or more Basket Constituents or for one or more Underlyings, then such dates will be moved to either:

- (a) the immediately following or previous day (as specified in the relevant Final Terms from time to time) which is an Exchange Business Day for all the Basket Constituents or for all the Underlyings;
or
- (b) (i) for each Basket Constituent or for each Underlying in relation to which such date is not an Exchange Business Day, the immediately following or previous day (as specified in the relevant Final Terms from time to time) which is an Exchange Business Day and (ii) for all the Basket Constituents or for all the Underlyings in relation to which such date is an Exchange Business Day, the date originally scheduled.

"ESG Rating" means a summary judgment, complementary to the traditional rating, that assesses the long-term sustainability and the future social and environmental impact of an asset. The ESG Rating will be assigned with reference to an Underlying or to the issuer of an Underlying by a leading rating agency operating in the sustainability field.

"ESG Rating Threshold" means, for the purposes of Condition 18.7 (*"Adjustment Events in relation to Underlying with an ESG Rating"*), the threshold set out in the Final Terms in the event that ESG Rating is applicable.

"Exchange Rate" means either:

- (a) means the exchange rate between currencies indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms; or
- (b) in relation to Certificates without the Quanto feature, the exchange rate on a given date published by the Reference Source specified in the applicable Final Terms, between the Underlying Currency and the Settlement Currency, determined by the Calculation Agent for the purpose of the calculation of the amounts payable under the Certificates.

"Final Valuation Date" means one or more Exchange Business Days on which the Underlying Final Value is determined (pursuant to the calculation methods specified under the definition of Underlying Final Value, as specified from time to time in the relevant Final Terms).

"Floor Percentage" means the percentage specified in the applicable Final Terms.

"Fund" means the fund indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms.

"Fund Manager" means, when the Underlying or a Basket Constituent is represented by a Fund, the management company, the director, the manager or other entity which is responsible for publishing the Net Asset Value on behalf of the relevant Management Company, as specified in the applicable Final Terms.

"Futures Contract" means the future contract indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms.

"Index" means the index indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms. The Index will never be a proprietary index of the Issuer or of an entity belonging to the same group.

"Index Sponsor" means, when the Underlying or a Basket Constituent is represented by an Index, the corporation or other entity responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments of such Index and that publishes (directly or through an agent) the level of such Index on a regular basis. **"Initial Price"** means the value specified as such in the applicable Final Terms.

"Initial Valuation Date" means one or more Exchange Business Days on which the Underlying Initial Value is determined (pursuant to the calculation methods specified under the definition of Underlying Initial Value, as specified from time to time in the relevant Final Terms) and all the other values that depend on the Underlying Initial Value are determined.

"Interest Rate" means the interest rate indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms.

"Issue Date" means the date of issue of the Securities specified in the applicable Final Terms.

"Issue Price" means the price of issue of the Certificates.

"Issuer" means BANCO BPM S.p.A., with its registered office at Piazza Filippo Meda 4, Milan.

"Issuing and Paying Agent" means BNP PARIBAS, Luxembourg Branch or Banco BPM S.p.A., as applicable.

"Resolution Authority" means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer acting in its capacity as resolution authority within the meaning of Article 2(18) of the BRRD.

"Italian Traded Securities" means the Certificates to be admitted to trading on an Italian multilateral trading facility.

"Knock-in Event" means the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than the Knock-in Level on the relevant Knock-in Valuation Period. If the Knock-in Event occurs, the investor will benefit from the payment of the amount or the amounts specified in the applicable Final Terms.

"Knock-in Level" means the value specified in the relevant Final Terms expressed as either (i) a percentage of the Underlying Initial Value, or (ii) a percentage of the Underlying Value, that determines the occurrence of the Knock-in Event, provided that the Knock-in Level may differ for each Knock-in Valuation Period, as specified in the applicable Final Terms.

"Knock-in Valuation Period" means the period composed of one or more Exchange Business Days in which the Calculation Agent determines the occurrence of the Knock-in Event.

"Knock-out Event" means the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than the Knock-out Level on the relevant Knock-out Valuation Period. If the Knock-out Event occurs, the amount or the amounts specified in the applicable Final Terms will cease to be due to the Securityholders.

"Knock-out Level" means the value specified in the relevant Final Terms expressed as either (i) a percentage of the Underlying Initial Value, or (ii) a percentage of the Underlying Value, that determines the occurrence of the Knock-out Event, provided that the Knock-out Level may differ for each Knock-out Valuation Period, as specified in the applicable Final Terms.

"Knock-out Valuation Period" means the period composed of one or more Exchange Business Days in which the Calculation Agent determines the occurrence of the Knock-out Event.

"Listing Agent" means the Luxembourg Listing Agent or any other listing agent specified in the applicable Final Terms.

"Lock-in Coupon Amount i-th" means the amount in the Settlement Currency to be paid to the Securityholders on each Digital Payment Date i-th, with $i > 1$, if the Lock-in Coupon Event i-th occurred.

"Lock-in Coupon i-th" means the percentage specified in the applicable Final Terms to be applied to the Nominal Value in order to determine the Lock-in Coupon Amount i-th that the Securityholders are entitled to receive on each Digital Payment Date i-th, with $i > 1$, if the Lock-in Coupon Event i-th occurs. The sequencing of the Lock-in Coupons is defined by a progressive numbering, i , ranging from 1 to L .

"Lock-in Coupon Event I-th" means the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than the Lock-in Coupon Level I-th on the relevant Lock-in Coupon Valuation Period I-th. If the Lock-in Coupon Event I-th occurs, on all Digital Payment Date(s) i-th, with $i > I$, will be paid the Lock-In Coupon Amount I-th instead of the Digital Amount whatever the value of the Underlying.

"Lock-in Coupon Threshold I-th" means the percentage specified in the relevant Final Terms in relation to the relevant Lock-in Coupon Valuation Period I-th. The number of Lock-in Coupon Thresholds is equal to "L".

"Lock-in Coupon Level I-th" means the value equal to the product between Lock-in Coupon Threshold I-th and either (i) the Underlying Initial Value, or (ii) the Underlying Value, as specified in the applicable Final Terms. The Lock-in Coupon Level I-th may differ for each Lock-in Coupon Valuation Period I-th, as specified in the applicable Final Terms.

"Lock-in Coupon Valuation Period I-th" means the period composed of one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Lock-in Coupon Event I-th.

"Long Strategy" means the financial strategy that gives to the investor the possibility to receive a positive amount in case of increasing performance of the Underlying as indicated in the applicable Final Terms.

"Long Underlying" means, in relation to Equity Protection Alpha Certificates, the Underlying A. An ESG Rating may be assigned to the issuer of the Share, the Index (excluding the inflation or currency index, commodities index and commodities futures index), the Fund and / or the Basket or the Basket Worst Of or the Basket Best Of composed by the aforementioned financial assets representing the Long Underlying.

"Luxembourg Listing Agent" means BNP PARIBAS, Luxembourg Branch, acting as listing agent in Luxembourg.

"Management Company" is the entity responsible for the management of the Fund.

"Market Disruption Events" means the events described within Condition 17.

"Maturity Date" means the date specified in the applicable Final Terms in which the Certificates expire.

"Memory Coupon" means, where the Memory Mechanism is applicable, the percentage specified in the applicable Final Terms to be applied to the Nominal Value in order to determine the Digital Amount i, k-th that the Securityholders are entitled to receive on the Digital Payment Date i-th when the Digital Coupon Event i-th occurs.

"Memory Mechanism" means, the feature that is triggered if the Digital Coupon Event i-th occurs and there has not been a Digital Coupon Event on at least one of the immediately preceding Digital Valuation Period, and shall result in the calculation of the Digital Amount i, k-th.

"Memory Valuation Period" means, in relation to the Digital Amounts, the period composed of one or more Exchange Business Days in which the Calculation Agent determines the occurrence of the Memory Mechanism.

"Minimum Exercise Amount" means the minimum amount of Certificates that may be exercised, specified in the applicable Final Terms.

"Minimum Redemption Percentage" means the minimum redemption percentage that the Securityholders are entitled to receive irrespective of the performance of the Underlying.

"NAV" means the net asset value for each share or unit of the Fund as calculated and published by the Fund Manager or by another entity on behalf of the Fund Manager.

"Nominal Value" means the amount specified in the relevant Final Terms.

"Offer Period" means the period specified in the applicable Final Terms during which the Certificates may be subscribed.

"Participation" means the percentage specified in the applicable Final Terms.

"Participation Amount" means the amount in the Settlement Currency to be paid to the Securityholders, when positive, on the relevant Participation Payment Date, determined on the basis of the performance of the Underlying according to the formulas as set out within Condition 4.

"Participation Final Date" means a date specified in the applicable Final Terms on which the Calculation Agent determines the performance of the Underlying registered within the relevant Participation Valuation Period, for the purposes of the calculation of the relevant Participation Amount.

"Participation Initial Date" means a date specified in the applicable Final Terms in relation to a Participation Valuation Period.

"Participation Payment Date" means the date specified in the applicable Final Terms on which the Participation Amount is paid to the Securityholders.

"Participation Valuation Period" means a period specified in the applicable Final Terms starting from the relevant Participation Initial Date and ending on the relevant Participation Final Date, during which the performance of the relevant Underlying is determined for the purposes of the calculation of the relevant Participation Amount, as specified in the relevant Final Terms.

"Path Dependency Amount" means, in relation to the Digital Amounts, the amount specified in the applicable Final Terms in relation to the Path Dependency Effect.

"Path Dependency Effect" means, in relation to the Digital Amounts, a calculation method of the Digital Amount, described within Condition 4, according to which each Digital Amount depends on the number and amount previously paid to the Securityholders.

"Performance" means the performance of the Underlying or of a Basket Constituent determined by the Calculation Agent according to the following formula:

$$(Underlying Value - Underlying Initial Value) / Underlying Initial Value$$

"Performance Cap Coupon j-th" means, if provided in the Final Terms, the maximum percentage value that the Performance Coupon j-th may record on the relevant Performance Coupon Valuation Period j-th.

"Performance Coupon Amount j-th" means the amount in the Settlement Currency to be paid to the Securityholders on the Performance Coupon Payment Date j-th if the Performance Coupon Event j-th occurred.

"Performance Coupon j-th" means the percentage, equal to the Performance determined on the Performance Coupon Valuation Period j-th, to be applied to the Nominal Value in order to determine the Performance Coupon Amount j-th that the Securityholders are entitled to receive on the Performance Coupon Payment Date j-th when the Performance Coupon Event j-th occurs. The sequencing of the Performance Coupons is defined by a progressive numbering, j, ranging from 1 to J.

"Performance Coupon Event j-th" means the event that occurs when the Calculation Agent determines that the Underlying Value or Underlying Final Value is equal to, higher than or lower than the Performance Coupon Level j-th on the Performance Coupon Valuation Period j-th.

"Performance Coupon Threshold j-th" means the percentage specified in the applicable Final Terms in relation to the relevant Performance Coupon Valuation Period j-th. The number of Performance Coupon Thresholds is equal to "J".

"Performance Coupon Level j-th" means the value equal to the product between the Performance Coupon Threshold j-th and either (i) the Underlying Initial Value, or (ii) the Underlying Value, as specified in the applicable Final Terms. The number of Digital Coupon Levels are equal to "J".

"Performance Coupon Payment Date j-th" means the date specified in the applicable Final Terms on which the Performance Coupon Amount j-th is paid to the Securityholders.

"Performance Coupon Valuation Period j-th" means the period composed of one or more Exchange Business Days indicated in the Final Terms in which the Calculation Agent determines the occurrence of the Performance Coupon Event j-th.

"Predetermined Percentage" means the percentage specified in the applicable Final Terms.

"Product Type" means each type of Certificates that will be issued in respect of each Series, specified in the applicable Final Terms, corresponding to different pay-out formulas, as described within Condition 4. In particular, the Certificates may be:

- Equity Protection Certificates
- Reverse Equity Protection Certificates
- Equity Protection Alpha Certificates
- Equity Premium Certificates
- Reverse Equity Premium Certificates
- Standard Certificates
- Bonus Certificates
- Reverse Bonus Certificates
- Twin Win Certificates
- Reverse Twin Win Certificates
- Long Benchmark Certificates
- Short Benchmark Certificates
- Long Outperformance Certificates
- Short Outperformance Certificates
- Constant Leverage Certificates

- Butterfly Protection Certificates.

"Protected" means the feature that may be specified in the applicable Final Terms in relation to the Cash Settlement Amount.

"Protection" means the percentage specified in the applicable Final Terms.

"Protection Level" means the product between the Protection and the Underlying Initial Value.

"Quanto" means the feature that may be specified in the applicable Final Terms when the Underlying Currency is different from the Settlement Currency. If Quanto feature applies, the exchange rate between the Underlying Currency and the Settlement Currency will not be taken into account for the purposes of the determination of all the amounts payable under the Certificates and, therefore, the impact of the Exchange Rate is neutralised.

"Rainbow" means, in relation to the Certificates linked to a Basket, the feature that may be specified as applicable in the relevant Final Terms. If the Rainbow feature applies, the Final Terms will specify: (i) the Basket Constituents, (ii) the percentage of the weights and (iii) the criteria pursuant to which each weight will be assigned to the Basket Constituents (for instance, the percentage of weights may be allocated as follows: 70% for the Basket Constituent with the best performance; 20% for the Basket Constituent with the second best performance; and 10% for a Basket Constituent with the worst performance).

"Ratio" means, in relation to Equity Protection Alpha Certificates, a percentage determined by the two Underlyings specified in the applicable Final Terms. The Ratio is determined by the Calculation Agent as follows:

$$\text{Ratio} = (\text{Underlying A Final Value} / \text{Underlying A Initial Value Value}) / (\text{Underlying B Final Value} / \text{Underlying B Initial Value Value})$$

The Underlying A is also defined as "Long Underlying" and the Underlying B is also defined as "Short Underlying".

"Reference Exchange" means, in relation to the Underlying, each reference exchange or quotation system, on which the Underlying or related components are principally listed and traded, as specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Underlying has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities or commodities comprising such Underlying on such temporary substitute exchange or quotation system as on the original exchange).

"Reference Price" means:

- (i) in relation to the Underlying, the Long Underlying, the Short Underlying, a component of the Basket, Worst Of Basket, Best Of Basket or Rainbow Basket:
 - a. with reference to Shares traded on Borsa Italiana S.p.A., the reference price of such share, as defined by the Market Rules of markets organized and managed by Borsa Italiana S.p.A., as recorded by the Calculation Agent;
 - b. with reference to Shares traded on European or third country markets, the closing price of such share as recorded by the Calculation Agent on the Reference Exchange;

- c. with reference to Indexes managed by Borsa Italiana S.p.A. or by companies with which Borsa Italiana S.p.A. has entered into appropriate agreements, (i) the value of the Index calculated on the opening prices of the financial instruments comprising the Index or (ii) the closing value of the Index, as defined and calculated by the Index Sponsor, as recorded by the Calculation Agent;
 - d. with respect to Funds, (i) an amount equal to the NAV (Net Asset Value) as resulting from the publication made by the relevant SGR; or, (ii) in the case of ETFs, (a) an amount equal to the NAV (Net Asset Value) as resulting from the quotation made by the Reference Exchange, or (b) an amount equal to the official closing price relating to the ETF, as calculated and published by the relevant Reference Exchange at the end of trading on each Business Day, the value of which will be available at the Bloomberg page indicated in the Final Terms, or (c) the Reference Price as calculated by Borsa Italiana S.p.A., in the case of an ETF listed on Borsa Italiana S.p.A.;
 - e. with respect to all Indices other than those referred to in (c) above, the closing value of the Index, as defined and calculated by the Index Sponsor, as recorded by the Calculation Agent;
 - f. with respect to all other Underlyings other than those listed in (a) through to (e) above, the official price set forth in the relevant Final Terms as disclosed by the Calculation Agent.
- (ii) In relation to a Basket, the Reference Price shall be calculated as the product of the Underlying Initial Value and the weighted average of the ratios between the Reference Price and the Underlying Initial Value of each Basket component where, for weighting purposes, the relevant Basket Constituent Weights are used; the Reference Prices of the Basket components will be calculated by applying the detection rules of each of them.
 - (iii) In relation to the Rainbow Basket, the Reference Price is calculated as the product of the Underlying Initial Value and the weighted average of the ratios between the Reference Price and the Underlying Initial Value of each Underlying component of the Rainbow Basket, where the Basket Constituent Weights used for weighting are assigned on the basis of the performance recorded by the underlyings, according to the criterion specified in the Final Terms; the Reference Prices of the Basket components will be calculated by applying the detection rules of each of them.
 - (iv) In relation to the Best Of Basket, the Reference Price of the Best Of Basket is the Reference Price of the component of the Best Of Basket that has recorded the best Performance of the Underlying with respect to the Underlying Initial Value (the so-called best-of criterion); the Reference Prices of the components of the Best Of Basket will be calculated by applying the detection rules of each of them.
 - (v) In relation to the Worst Of Basket, the Reference Price of the Worst Of Basket is the Reference Price of the Worst Of Basket component that has recorded the worst Performance of the Underlying with respect to the Underlying Initial Value (the so-called worst-of criterion); the Reference Prices of the Worst Of Basket components will be calculated by applying the detection rules of each of them.

"Reference Source" means, in relation to the Underlying, each information provider, electronic page, exchange or quotation system on which the Underlying values are published, as specified in the applicable Final Terms, any successor to such information provider, electronic pages, exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the contracts relating to such Underlying on such temporary substitute exchange or quotation system as on the original Reference Source).

"Related Exchange" means, in relation to an Underlying, any regulated or non-regulated market where the options, futures or repo contracts on such Underlying are traded, as specified in the applicable Final Terms.

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

"Reverse Protection Level" means the product between the Underlying Initial Value and the difference between 2 and the Protection.

"Securityholder" means the holder from time to time of the Certificates.

"Series" means the Certificates that will be issued, from time to time, pursuant to this Base Prospectus as identified by the relevant ISIN Code.

"Settlement Currency" means the currency specified in the applicable Final Terms in which the Certificates are denominated.

"Settlement Date" means the date specified in the applicable Final Terms on which the Cash Settlement Amount will be paid to the Securityholders.

"Share" means the share indicated as Underlying or, if the Underlying is a Basket, as Basket Constituent in the relevant Final Terms. The Share will never be issued by the Issuer or by an entity belonging to the same group.

"Short Strategy" means the financial strategy that gives to the investor the possibility to receive a positive amount in case of decreasing performance of the Underlying as indicated in the applicable Final Terms.

"Short Underlying" means, in relation to Equity Protection Alpha Certificates, the Underlying B. An ESG Rating may be assigned to the issuer of the Share, the Index (excluding the inflation or currency index, commodities index and commodities futures index), the Fund and / or the Basket or the Basket Worst Of or the Basket Best Of composed by the aforementioned financial assets representing the Short Underlying.

"Spread" means, in relation to Equity Protection Alpha Certificates, the difference between the Performance of the Underlying A and the Performance of the Underlying B, each of them determined according to one of the formulas set out in the definition of "Performance", specified in the applicable Final Terms. The Spread is determined by the Calculation Agent as follows:

$$\text{Spread} = \text{Performance of the Underlying A} - \text{Performance of the Underlying B}$$

The Underlying A is also defined as "Long Underlying" and the Underlying B is also defined as "Short Underlying".

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

"Strike" means the percentage specified in the applicable Final Terms.

"Strike Date" means the date specified in the applicable Final Terms.

"Strike Level" means the value specified in the relevant Final Terms, expressed as either (i) the product between the Strike and the Underlying Initial Value or (ii) a value determined by the Calculation Agent on the Strike Date.

"Strike Percentage" means, in relation to Participation Amount, the percentage specified in the applicable Final Terms.

"Strike Price" means the amount specified in the applicable Final Terms.

"Successor Sponsor" means, in relation to the Underlying, a third party that may be responsible for the calculation and/or the management and/or the issuance of the Underlying in the place of the Index Sponsor.

"Unconditional Amount m-th" means the amount in the Settlement Currency to be paid to the Securityholders on the Unconditional Coupon Payment Date m-th.

"Unconditional Coupon m-th" means the percentage specified in the Final Terms to be applied to the Nominal Value in order to determine the Unconditional Amount m-th to be paid on the Unconditional Coupon Payment Date m-th. The Unconditional Coupon m-th may differ in relation to each Unconditional Coupon Payment Date m-th.

"Unconditional Coupon Payment Date m-th" means the date specified in the applicable Final Terms on which the Unconditional Amount m-th is paid.

"Underlying" means one or more of the following financial assets, as specified in the applicable Final Terms: Share, Index, Commodity, Futures Contract, Exchange Rate, Interest Rate, Fund, Basket composed of two or more of such financial assets. An ESG Rating may be assigned to the issuer of the Share, the Index (excluding the inflation or currency index, commodities index and commodities futures index), the Fund and / or the Basket or the Basket Worst Of or the Basket Best Of composed by the aforementioned financial assets.

"Underlying Currency" means the currency, specified in the applicable Final Terms, in which the Underlying is denominated. If the Underlying Currency is different from the Settlement Currency and the Quanto feature applies, the Underlying Currency will be conventionally expressed in the Settlement Currency on the basis of an exchange rate equal to 1 unit of the Underlying Currency = 1 unit of the Settlement Currency. Otherwise, if the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, the Exchange Rate between the two currencies will be applied by the Calculation Agent in order to determine the amounts payable under the Certificates.

"Underlying Final Value" means the value of the Underlying determined by the Calculation Agent on the Final Valuation Date(s) specified in the relevant Final Terms, which may be equal to:

- (a) the single value of the Underlying determined by the Calculation Agent on the Final Valuation Date specified in the applicable Final Terms;

- (b) the arithmetic mean of the single values of the Underlying fixed on the Final Valuation Dates specified in the applicable Final Terms and determined by the Calculation Agent on the last of such Final Valuation Dates;
- (c) the maximum or minimum value of the Underlying registered within the period composed by the Final Valuation Dates specified in the applicable Final Terms;

When the Underlying is a Basket, the value of the Basket on each Final Valuation Date will be calculated as follows:

$$Basket_t = \sum_{i=1}^n \frac{C_t^i}{C_0^i} \times W^i$$

Where:

"**Basket_t**" is the value of the Basket on such Final Valuation Date,

"**C_tⁱ**" is the value of the Basket Constituent "**i**" at such Final Valuation Date,

"**C₀ⁱ**" is the value of the Basket Constituent "**i**" at the Initial Valuation Date,

"**Wⁱ**" is the Basket Constituent Weight of the Basket Constituent "**i**", and

"**n**" is the number of the Basket Constituents.

When the Underlying is a Basket Worst Of or a Basket Best Of, the Underlying Final Value is referred to the Underlying which has registered the worst or the best Performance respectively.

"**Underlying Initial Value**" means the value of the Underlying determined by the Calculation Agent on the Initial Valuation Date(s) specified in the relevant Final Terms, which may be equal to:

- (a) the single value of the Underlying determined by the Calculation Agent on the Initial Valuation Date specified in the applicable Final Terms;
- (b) the arithmetic mean of the single values of the Underlying fixed on the Initial Valuation Dates specified in the applicable Final Terms and determined by the Calculation Agent on the last of such Initial Valuation Dates;
- (c) the maximum or minimum value of the Underlying registered within the period composed by the Initial Valuation Dates specified in the applicable Final Terms.

When the Underlying is a Basket, the Underlying Initial Value will be equal to 1.

When the Underlying is a Basket Worst Of or a Basket Best of, the Underlying Initial Value is determined for each Underlying in the Basket.

"**Underlying Value**" means the value of the Underlying determined by the Calculation Agent during the relevant period or date specified in the relevant Final Terms, which may be equal to:

- (a) the single value of the Underlying determined by the Calculation Agent on a given Exchange Business Day specified in the applicable Final Terms;

- (b) the arithmetic mean of the single values of the Underlying fixed on a period composed by two or more Exchange Business Days specified in the applicable Final Terms and determined by the Calculation Agent on the last Exchange Business Day of such period;
- (c) the maximum or minimum value of the Underlying registered within the period composed by two or more Exchange Business Days specified in the applicable Final Terms.

When the Underlying is a Basket, the value of the Basket on a given Exchange Business Day will be calculated as follows:

$$Basket_t = \sum_{i=1}^n \frac{C_t^i}{C_0^i} \times W^i$$

Where:

"**Basket_t**" is the value of the Basket at time "t",

"**C_tⁱ**" is the value of the Basket Constituent "i" at time "t", as specified in the Final Terms,

"**C₀ⁱ**" is the value of the Basket Constituent "i" at the Initial Valuation Date,

"**Wⁱ**" is the Basket Constituent Weight of the Basket Constituent "i", and

"**n**" is the number of the Basket Constituents.

When the Underlying is a Basket Worst Of or a Basket Best Of, the Underlying Value is referred to the Underlying which has registered, respectively, the worst or the best Performance.

"**Up Participation**" means the percentage indicated in the applicable Final Terms that represents the participation in the increasing performance of the Underlying.

"**Worst Of**" means the feature that may be specified in the applicable Final Terms pursuant to which the Calculation Agent selects, for the purpose of the determination of an event and/or an amount specified in the applicable Final Terms, the Worst Of Underlying.

"**Worst Of Underlying**" means, when the Worst Of feature applies, the Underlying which has registered the worst Performance.

4. PAY-OUTS PROVISIONS

4.1 Cash Settlement Amount

The name of the relevant Product Type is specified in the applicable Final Terms.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, the Cash Settlement Amount, as calculated in the accordance with the formulas specified below, shall also be multiplied by the ratio between the Exchange Rate on the Initial Valuation Date and the Exchange Rate on the Final Valuation Date.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature applies, the Exchange Rate between the Underlying Currency and the Settlement Currency will not be taken into account for the purposes of the determination of the Cash Settlement Amount.

The following Product Types may be issued under this Base Prospectus:

EQUITY PROTECTION CERTIFICATES

The Equity Protection Certificates provide for a Long Strategy with capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount that depends on the performance of the Underlying in respect of the Protection Level.

In the case of Equity Protection Certificates:

Case 1: If the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or higher than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Protection Level, multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Underlying Final Value} - \text{Protection Level}) / \text{Underlying Initial Value}] \times \text{Participation} \}$$

In the case of Equity Protection Certificates with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = \text{Protection} + (\text{Cap} - \text{Protection}) / \text{Participation}$$

Case 1: If the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or higher than the Protection Level and lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Protection Level, multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Underlying Final Value} - \text{Protection Level}) / \text{Underlying Initial Value}] \times \text{Participation} \}$$

Case 3: If the Underlying Final Value is equal to or higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

In the case of Equity Protection Certificates with Strike:

Case 1: If the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or higher than the Protection Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Protection Level, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Underlying Final Value} - \text{Protection Level}) / \text{Underlying Initial Value}] \}$$

Case 3: If the Underlying Final Value is equal to or higher than the Underlying Initial Value and lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 4: If the Underlying Final Value is equal to or higher than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{ 1 + [(\text{Underlying Final Value} - \text{Strike Level}) / \text{Underlying Initial Value}] \times \text{Participation} \}$$

In the case of Equity Protection Certificates with Strike and with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = \text{Strike} + (\text{Cap} - 100\%) / \text{Participation}$$

Case 1: If the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or higher than the Protection Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Protection Level, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Underlying Final Value} - \text{Protection Level}) / \text{Underlying Initial Value}] \}$$

Case 3: If the Underlying Final Value is equal to or higher than the Underlying Initial Value and lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 4: If the Underlying Final Value is equal to or higher than the Strike Level and lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level, multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{ 1 + [(\text{Underlying Final Value} - \text{Strike Level}) / \text{Underlying Initial Value}] \} \times \text{Participation}$$

Case 5: If the Underlying Final Value is equal to or higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

REVERSE EQUITY PROTECTION CERTIFICATES

The Reverse Equity Protection Certificates provide for a Short Strategy with capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount that depends on the negative performance of the Underlying in respect of the Reverse Protection Level.

In case of Reverse Equity Protection Certificates:

Case 1: If the Underlying Final Value is higher than the Reverse Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or lower than the Reverse Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Reverse Protection Level, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Reverse Protection Level} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Participation} \}$$

In case of Reverse Equity Protection Certificates with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = (2 - \text{Protection}) - (\text{Cap} - \text{Protection}) / \text{Participation}$$

Case 1: If the Underlying Final Value is higher than the Reverse Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or lower than the Reverse Protection Level and higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) a performance of the Underlying in respect of the Reverse Protection Level, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Reverse Protection Level} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Participation} \}$$

Case 3: If the Underlying Final Value is equal to or lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

In case of Reverse Equity Protection Certificates with Strike:

Case 1: If the Underlying Final Value is higher than the Reverse Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or lower than the Reverse Protection Level and higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Reverse Protection Level, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Reverse Protection Level} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \}$$

Case 3: If the Underlying Final Value is equal to or lower than the Underlying Initial Value and higher than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 4: If the Underlying Final Value is equal to or lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{ 1 + [(\text{Strike Level} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Participation} \}$$

In case of Reverse Equity Protection Certificates with Strike and with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = \text{Strike} - (\text{Cap} - 100\%) / \text{Participation}$$

Case 1: If the Underlying Final Value is higher than the Reverse Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

Case 2: If the Underlying Final Value is equal to or lower than the Reverse Protection Level and higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the performance of the Underlying in respect of the Reverse Protection Level, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + [(\text{Reverse Protection Level} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \}$$

Case 3: If the Underlying Final Value is equal to or lower than the Underlying Initial Value and higher than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 4: If the Underlying Final Value is equal to or lower than the Strike Level and higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level, multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(Strike Level - Underlying Final Value) / Underlying Initial Value] \times Participation\}$$

Case 5: If the Underlying Final Value is equal to or lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap, as follows:

$$\text{Nominal Value} \times Cap$$

EQUITY PROTECTION ALPHA CERTIFICATES

The Equity Protection Alpha Certificates provide for a Long Strategy with capital protection.

In case of Equity Protection Alpha Certificates with Spread:

In this case, the Securityholders are entitled to receive a Cash Settlement Amount that depends on the Spread.

Case 1: If the Spread on the Final Valuation Date is lower than the difference between the Protection and 100%, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times Protection$$

Case 2: If the Spread on the Final Valuation Date is equal to or higher than the difference between the Protection and 100%, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the product between (i) the Participation and (ii) the Spread summed to the difference between 100% and the Protection, as follows:

$$\text{Nominal Value} \times \{Protection + Participation \times [Spread + (100\% - Protection)]\}$$

In case of Equity Protection Alpha Certificates with Ratio:

In this case, the Securityholders are entitled to receive a Cash Settlement Amount that depends on the Ratio.

Case 1: If the Ratio on the Final Valuation Date is lower than the Protection, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times Protection$$

Case 2: If the Ratio on the Final Valuation Date is equal to or higher than the Protection, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the Protection and (b) the difference between the Ratio and the Protection, multiplied by the Participation, as follows:

$$\text{Nominal Value} \times \{ \text{Protection} + \text{Participation} \times [\text{Ratio} - \text{Protection}] \}$$

EQUITY PREMIUM CERTIFICATES

The Equity Premium Certificates provide for a Long Strategy without capital protection.

In the case of Equity Premium Certificates:

Case 1: If the Barrier Event has occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the ratio between the Underlying Final Value and the Underlying Initial Value and (b) the Minimum Redemption Percentage, as follows:

$$\text{Nominal Value} \times \text{Min}[1; (\text{Underlying Final Value} / \text{Underlying Initial Value} + \text{Minimum Redemption Percentage})]$$

Case 2: If the Barrier Event has not occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

In the case of Equity Premium Certificates with Airbag:

Case 1: If the Barrier Event has occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the ratio between the Underlying Final Value and the Underlying Initial Value multiplied by the Airbag and (b) the Minimum Redemption Percentage, as follows:

$$\text{Nominal Value} \times \text{Min}[1; (\text{Underlying Final Value} / \text{Underlying Initial Value} \times \text{Airbag} + \text{Minimum Redemption Percentage})]$$

Case 2: If the Barrier Event has not occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

In the case of Equity Premium Certificates with Up Participation and Strike:

Case 1: If the Barrier Event has occurred and the Underlying Final Value is lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the ratio between the Underlying Final Value and the Underlying Initial Value and (b) the Minimum Redemption Percentage, as follows:

$$\text{Nominal Value} \times \text{Min}[1; (\text{Underlying Final Value} / \text{Underlying Initial Value} + \text{Minimum Redemption Percentage})]$$

Case 2: If the Barrier Event has not occurred and the Underlying Final Value is lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 3: If the Underlying Final Value is equal to or higher than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(Underlying Final Value - Strike Level) / Underlying Initial Value] \times Up Participation\}$$

In the case of Equity Premium Certificates with Up Participation, Strike and Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = \text{Strike} + (\text{Cap} - 100\%) / Up Participation$$

Case 1: If the Barrier Event has occurred and the Underlying Final Value is lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the ratio between the Underlying Final Value and the Underlying Initial Value and (b) the Minimum Redemption Percentage, as follows:

$$\text{Nominal Value} \times \text{Min}[1; (Underlying Final Value / Underlying Initial Value + Minimum Redemption Percentage)]$$

Case 2: If the Barrier Event has not occurred and the Underlying Final Value is lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 3: If the Underlying Final Value is equal to or higher than the Strike Level and lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(Underlying Final Value - Strike Level) / Underlying Initial Value] \times Up Participation\}$$

Case 4: If the Underlying Final Value is equal to or higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

In the case of Equity Premium Certificates with Airbag, Up Participation, Strike and Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = \text{Strike} + (\text{Cap} - 100\%) / Up Participation$$

Case 1: If the Barrier Event has occurred and the Underlying Final Value is lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) the ratio between the Underlying Final Value and the Underlying Initial Value and (b) the Minimum Redemption Percentage, as follows:

$$\text{Nominal Value} \times \text{Min}[1; (\text{Underlying Final Value} / \text{Underlying Initial Value} \times \text{Airbag} + \text{Minimum Redemption Percentage})]$$

Case 2: If the Barrier Event has not occurred and the Underlying Final Value is lower than the Strike Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 3: If the Underlying Final Value is equal to or higher than the Strike Level and lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Strike Level}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 4: If the Underlying Final Value is equal to or higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

REVERSE EQUITY PREMIUM CERTIFICATES

The Reverse Equity Premium Certificates provide for a Short Strategy without capital protection.

In the case of Reverse Equity Premium Certificates:

Case 1: If the Underlying Final Value is equal to or lower than the Barrier Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 2: If the Underlying Final Value is higher than the Barrier Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (i) the Minimum Redemption Percentage and (ii) the higher between 0 and the difference between 2 and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times [\text{Max}(0; 2 - \text{Underlying Final Value} / \text{Underlying Initial Value}) + \text{Minimum Redemption Percentage}]$$

In the case of Reverse Equity Premium Certificates with Airbag:

Case 1: If the Underlying Final Value is equal to or lower than the Barrier Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 2: If the Underlying Final Value is higher than the Barrier Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (i) the Minimum Redemption Percentage and (ii) the higher between 0 and the difference between 2 and the ratio between the Underlying Final Value and the Underlying Initial Value, multiplied by the Airbag, as follows:

$$\text{Nominal Value} \times \text{Max} [0; 2 - (\text{Underlying Final Value} / \text{Underlying Initial Value} \times \text{Airbag}) + \text{Minimum Redemption Percentage}]$$

STANDARD CERTIFICATES

The Standard Certificates provide for a Long Strategy with capital protection.

In particular, they entitle the Securityholders to receive a predetermined Cash Settlement Amount, which depends on the Predetermined Percentage specified in the applicable Final Terms, calculated as follows:

$$\text{Nominal Value} \times \text{Predetermined Percentage}$$

BONUS CERTIFICATES

The Bonus Certificates provide for a Long Strategy without capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount that depends on the performance of the Underlying in respect of the Up Participation. In the event that the Barrier Event has not occurred, they provide for a minimum return equal to the Bonus. Otherwise, in the event that the Barrier Event has occurred, they expose the Securityholders to the negative performance of the Underlying.

In the case of Bonus Certificates:

Case 1: If the Barrier Event has not occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the higher between (i) the Bonus and (ii) the sum of the Bonus and the ratio between the Underlying Final Value and the Underlying Initial Value minus the Bonus, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \text{Max} [\text{Bonus}; \text{Bonus} + (\text{Underlying Final Value} / \text{Underlying Initial Value} - \text{Bonus}) \times \text{Up Participation}]$$

Case 2: If the Barrier Event has occurred and the Underlying Final Value is equal to or higher than the Bonus Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the sum of (i) the Bonus and (ii) the ratio between the Underlying Final Value and the Underlying Initial Value minus the Bonus, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times [\text{Bonus} + (\text{Underlying Final Value} / \text{Underlying Initial Value} - \text{Bonus}) \times \text{Up Participation}]$$

Case 3: If the Barrier Event has occurred and the Underlying Final Value is lower than the Bonus Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

In the case of Bonus Certificates with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = \text{Bonus} + (\text{Cap} - \text{Bonus}) / \text{Up Participation}$$

Case 1: If the Barrier Event has not occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the higher between (i) the Bonus and (ii) the lower between the Cap and the sum of the Bonus and the ratio between the Underlying Final Value and Underlying Initial Value minus the Bonus, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \text{Max} \{ \text{Bonus}; \text{Min} [\text{Cap}; \text{Bonus} + (\text{Underlying Final Value} / \text{Underlying Initial Value} - \text{Bonus}) \times \text{Up Participation}] \}$$

Case 2: If the Barrier Event has occurred and the Underlying Final Value is equal to or higher than the Bonus Level and lower than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the sum of (i) the Bonus and (ii) the ratio between the Underlying Final Value and Underlying Initial Value minus the Bonus, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times [\text{Bonus} + (\text{Underlying Final Value} / \text{Underlying Initial Value} - \text{Bonus}) \times \text{Up Participation}]$$

Case 3: If the Barrier Event has occurred and the Underlying Final Value is equal to or higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

Case 4: If the Barrier Event has occurred and the Underlying Final Value is lower than the Bonus Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

REVERSE BONUS CERTIFICATES

The Reverse Bonus Certificates provide for a Short Strategy without capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount that depends on the negative performance of the Underlying. In the event that the Barrier Event has not occurred, they provide for a minimum return equal to the Bonus. Otherwise, in the event that the Barrier Event has occurred, they expose the Securityholders to the reverse performance of the Underlying.

In the case of Reverse Bonus Certificates:

Case 1: If the Barrier Event has not occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the higher between (i) the Bonus and (ii) the difference between 2 and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Max} [\text{Bonus}; 2 - \text{Underlying Final Value} / \text{Underlying Initial Value}]$$

Case 2: If the Barrier Event has occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the higher between (i) 0 and (ii) the difference between 2 and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Max} [0; 2 - \text{Underlying Final Value} / \text{Underlying Initial Value}]$$

In the case of Reverse Bonus Certificates with Cap:

Case 1: If the Barrier Event has not occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the higher between (i) the Bonus and (ii) the lower between (a) the Cap and (b) the difference between 2 and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Max} [\text{Bonus}; \text{Min} (\text{Cap}; 2 - \text{Underlying Final Value} / \text{Underlying Initial Value})]$$

Case 2: If the Barrier Event has occurred, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the higher between (i) 0 and (ii) the lower between (a) the Cap and (b) the difference between 2 and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Max} [0; \text{Min} (\text{Cap}; 2 - \text{Underlying Final Value} / \text{Underlying Initial Value})]$$

TWIN WIN CERTIFICATES

The Twin Win Certificates provide for a Long Strategy without capital protection.

In particular, if the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders may participate to the increasing performance of the Underlying in respect of the Up Participation. Otherwise, if the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders may either benefit from the decreasing performance of the Underlying in respect of the Down Participation, if the Barrier Event has not occurred during the life of the Certificates, or participate to the negative performance of the Underlying, if the Barrier Event has occurred during the life of the Certificates.

In the case of Twin Win Certificates:

Case 1: If the Underlying Final Value is equal to or higher than the Underlying Initial Value, irrespective of the occurrence of the Barrier Event, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Barrier Event has not occurred and the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 3: If the Barrier Event has occurred and the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value})$$

In the case of Twin Win Certificates with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = 100\% + (\text{Cap} - 100\%) / \text{Up Participation}$$

Case 1: If the Underlying Final Value is equal to or higher than the Cap Level, irrespective of the occurrence of the Barrier Event, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

Case 2: If the Underlying Final Value is equal to or higher than the Underlying Initial Value, but lower than the Cap Level, irrespective of the occurrence of the Barrier Event, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 3: If the Barrier Event has not occurred and the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 4: If the Barrier Event has occurred and the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value})$$

REVERSE TWIN WIN CERTIFICATES

The Reverse Twin Win Certificates provide for a Short Strategy without capital protection.

In particular, if the Underlying Final Value is equal to or lower than the Underlying Initial Value, the Securityholders may benefit from the decreasing performance of the Underlying in respect of the Down Participation. Otherwise, if the Underlying Final Value is higher than the Underlying Initial Value, the Securityholders may either benefit from the increasing performance of the Underlying in respect of the Up Participation, if the Barrier Event has not occurred during the life of the Certificates, or lose the reverse performance of the Underlying, if the Barrier Event has occurred during the life of the Certificates.

In case of Reverse Twin Win Certificates:

Case 1: If the Underlying Final Value is equal to or lower than the Underlying Initial Value, irrespective of the occurrence of the Barrier Event, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 2: If the Barrier Event has not occurred and the Underlying Final Value is higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 3: If the Barrier Event has occurred and the Underlying Final Value is higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the higher between (a) 0 and (b) and the sum of (i) 1 and (ii) the difference between the Underlying Initial Value and the Underlying Final Value, divided by Underlying Initial Value as follows:

$$\text{Nominal Value} \times \text{Max} \{0; 1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}]\}$$

In case of Reverse Twin Win Certificates with Cap:

In this Product Type the Cap Level is equal to the product between the Cap Percentage and the Underlying Initial Value, where the Cap Percentage is determined in accordance with the following formula:

$$\text{Cap Percentage} = 100\% - (\text{Cap} - 100\%) / \text{Down Participation}$$

Case 1: If the Underlying Final Value is equal to or lower than the Cap Level, irrespective of the occurrence of the Barrier Event, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Cap, as follows:

$$\text{Nominal Value} \times \text{Cap}$$

Case 2: If the Underlying Final Value is equal to or lower than the Underlying Initial Value, but higher than the Cap Level, irrespective of the occurrence of the Barrier Event, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 3: If the Barrier Event has not occurred and the Underlying Final Value is higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 4: If the Barrier Event has occurred and the Underlying Final Value is higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value multiplied by the higher between (a) 0 and (b) and the sum of (i) 1 and (ii) the difference between the Underlying Initial Value and the Underlying Final Value, divided by Underlying Initial Value as follows:

$$\text{Nominal Value} \times \text{Max} \{0; 1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}]\}$$

LONG BENCHMARK CERTIFICATES

The Long Benchmark Certificates provide for a Long Strategy without capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount, which depends on the performance of the Underlying, calculated as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

SHORT BENCHMARK CERTIFICATES

The Short Benchmark Certificates provide for a Short Strategy without capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount, which depends on the performance of the Underlying, calculated as follows:

$$\text{Nominal Value} \times \text{Max} [0; (\text{Strike Price} - \text{Underlying Final Value}) / \text{Underlying Initial Value}]$$

LONG OUTPERFORMANCE CERTIFICATES

The Long Outperformance Certificates provide for a Long Strategy without capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount linked to the performance of the Underlying, depending on either the Up Participation, if the Underlying Final Value is equal to or higher than the Underlying Initial Value, or the Down Participation, if the Underlying Final Value is lower than the Underlying Initial Value.

Case 1: If the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the sum of (i) 1 and (ii) the ratio between the difference between the Underlying Final Value and the Underlying Initial Value and the Underlying Initial Value, multiplied by the Up Participation as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the sum of (i) 1 and (ii) the ratio between the difference between the Underlying Final Value and the Underlying Initial Value and the Underlying Initial Value, multiplied by the Down Participation as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

SHORT OUTPERFORMANCE CERTIFICATES

The Short Outperformance Certificates provide for a Short Strategy without capital protection.

In particular, they entitle the Securityholders to receive a Cash Settlement Amount linked to the performance of the Underlying, depending on either the Up Participation, if the Underlying Final Value is equal to or lower than the Underlying Initial Value, or the Down Participation, if the Underlying Final Value is higher than the Underlying Initial Value.

Case 1: If the Underlying Final Value is equal to or lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the sum of (i) 1 and (ii) the ratio between the difference between the Underlying Initial Value and the Underlying Final Value and the Underlying Initial Value, multiplied by the Up Participation as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Underlying Final Value is higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the higher between (i) 0 and (ii) the sum of 1 and the ratio between the difference between the Underlying Initial Value and the Underlying Final Value and the Underlying Initial Value, multiplied by the Down Participation as follows:

$$\text{Nominal Value} \times \text{Max} \{0; 1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation} \}$$

CONSTANT LEVERAGE CERTIFICATES

Constant Leverage Certificates allow Securityholders to receive a Cash Settlement Amount linked to the leveraged daily performance of the Underlying without having to purchase it. The leverage remains constant for the entire life of the product.

At the Constant Leverage Expiry Date, the Cash Amount is determined as follows:

$$\text{Nominal Value} \times \text{Max}[0; \text{Leverage Index}_t / \text{Leverage Index}_0]$$

The Leverage Index is calculated for each time t during an Index Calculation Day T in accordance with the following formula:

$$\begin{aligned} \text{Leverage Index}_t &= \text{Leverage Index}_{T-1} \\ &\times \left\{ 1 + L \times \left(\frac{R_t + DVD \times DF}{R_{T-1}} - 1 \right) - \text{Financing Component}_T \right\} \end{aligned}$$

where:

$\text{Leverage Index}_{T-1}$ = Index Official Value on Index Calculation Day T-1

T = current Index Calculation Day

T-1 = Index Calculation Day immediately preceding Index Calculation Day T

L = Leverage that is (a) a positive number for Long Constant Leverage Certificates or (b) a negative number for Short Constant Leverage Certificates

R_t = Underlying Value at time t on Index Calculation Day T

R_{T-1} = Underlying Reference Value on Index Calculation Day T-1

DVD = Dividend on Index Calculation Day T. This amount is 0, except on the Ex-Dividend Date

DF = Dividend Tax Factor

For Long Constant Leverage Certificates the financing component reflects the capital costs that would be incurred to finance the corresponding investment in the Underlying. Additionally, a fee may be charged by the index calculation agent for the calculation and administration of the index (index fee). The financing component therefore reduces the value of the Leverage Index.

For Short Constant Leverage Certificates the financing component emulates the income and expenses that would arise from acquiring the Underlying, selling it and investing the proceeds at the risk-free rate. Additionally, a fee charged by the Index Calculation Agent for the calculation and administration of the Leverage Index is added.

BUTTERFLY PROTECTION CERTIFICATES

The Butterfly Protection Certificates provide for a Long Strategy with capital protection.

In particular, Butterfly Protection Certificates allow the investor to benefit from any rise or fall in the Underlying, within certain limits. Specifically, if a Barrier Up Event has not occurred and at maturity the Underlying Final Value is equal to or greater than the Underlying Initial Value, the Certificate allows the investor to participate in the positive performance of the Underlying unlimitedly or within the limits of the Cap Up, if any, based on an Up Participation; if the Barrier Down Event has not occurred and at maturity the Underlying Final Value is equal to or less than the Underlying Initial Value, the Certificate allows the investor to benefit from the negative performance of the Underlying unlimitedly or within the limits of the Cap Down, if any, based on a Down Participation.

In the case of Butterfly Protection Certificates:

Case 1: If the Barrier Up Event has not occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Barrier Up Event has occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 3: If the Barrier Down Event has not occurred and the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 4: If the Barrier Down Event has occurred and the Underlying Final Value is equal to or higher than the Protection Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

Case 5: If the Barrier Down Event has occurred and the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

In case of Butterfly Protection Certificates with Cap Up:

In this Product Type the Cap Up Level is equal to the product of the Underlying Initial Value and the Cap Up Percentage, where Cap Up Percentage shall mean the percentage value, stated in the Final Terms, determined according to the following formula:

$$\text{Cap Up Percentage} = 100\% + (\text{Cap Up} - 100\%) / \text{Up Participation}$$

Case 1: If the Barrier Up Event has not occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value and lower than the Cap Up Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Barrier Up Event has not occurred and the Underlying Final Value is equal to or higher than the Cap Up Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap Up, as follows:

$$\text{Nominal Value} \times \text{Cap Up}$$

Case 3: If the Barrier Up Event has occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 4: If the Barrier Down Event has not occurred and the Underlying Final Value is lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 5: If the Barrier Down Event has occurred and the Underlying Final Value is equal to or higher than the Protection Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

Case 6: If the Barrier Down Event has occurred and the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

In case of Butterfly Protection Certificates with Cap Down:

In this Product Type the Cap Down Level is equal to the product of the Underlying Initial Value and the Cap Down Percentage, where Cap Down Percentage shall mean the percentage value, stated in the Final Terms, determined according to the following formula:

$$\text{Cap Down Percentage} = 100\% + (100\% - \text{Cap Down}) / \text{Down Participation}$$

Case 1: If the Barrier Up Event has not occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Barrier Up Event has occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 3: If the Barrier Down Event has not occurred and the Underlying Final Value is equal to or higher than the Cap Dowb Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 4: If the Barrier Down Event has not occurred and the Underlying Final Value is lower than the Cap Down Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap Down, as follows:

$$\text{Nominal Value} \times \text{Cap Down}$$

Case 5: If the Barrier Down Event has occurred and the Underlying Final Value is equal to or higher than the Protection Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

Case 6: If the Barrier Down Event has occurred and the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

In case of Butterfly Protection Certificates with Cap Up and Cap Down:

In this Product Type the Cap Up Level is equal to the product of the Underlying Initial Value and the Cap Up *Percentage*, where Cap Up *Percentage* shall mean the percentage value, stated in the Final Terms, determined according to the following formula:

$$\text{Cap Up Percentage} = 100\% + (\text{Cap Up} - 100\%) / \text{Up Participation}$$

The Cap Down Level is equal to the product of the Underlying Initial Value and the Cap Down *Percentage*, where Cap Down *Percentage* shall mean the percentage value, stated in the Final Terms, determined according to the following formula:

$$\text{Cap Down Percentage} = 100\% + (100\% - \text{Cap Down}) / \text{Down Participation}$$

Case 1: If the Barrier Up Event has not occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value and lower than the Cap Up Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Final Value and the Underlying Initial Value and (ii) the Underlying Initial Value, multiplied by the Up Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Final Value} - \text{Underlying Initial Value}) / \text{Underlying Initial Value}] \times \text{Up Participation}\}$$

Case 2: If the Barrier Up Event has not occurred and the Underlying Final Value is equal to or higher than the Cap Up Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap Up, as follows:

$$\text{Nominal Value} \times \text{Cap Up}$$

Case 3: If the Barrier Up Event has occurred and the Underlying Final Value is equal to or higher than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the Nominal Value.

Case 4: If the Barrier Down Event has not occurred and the Underlying Final Value is equal to or higher than the Cap Dowb Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the ratio between (i) the difference between the Underlying Initial Value and the Underlying Final Value and (ii) the Underlying Initial Value, multiplied by the Down Participation, as follows:

$$\text{Nominal Value} \times \{1 + [(\text{Underlying Initial Value} - \text{Underlying Final Value}) / \text{Underlying Initial Value}] \times \text{Down Participation}\}$$

Case 5: If the Barrier Down Event has not occurred and the Underlying Final Value is lower than the Cap Down Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between (a) the Nominal Value and (b) the Cap Down, as follows:

$$\text{Nominal Value} \times \text{Cap Down}$$

Case 6: If the Barrier Down Event has occurred and the Underlying Final Value is equal to or higher than the Protection Level and lower than the Underlying Initial Value, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the ratio between the Underlying Final Value and the Underlying Initial Value, as follows:

$$\text{Nominal Value} \times \text{Underlying Final Value} / \text{Underlying Initial Value}$$

Case 7: If the Barrier Down Event has occurred and the Underlying Final Value is lower than the Protection Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the Protection, as follows:

$$\text{Nominal Value} \times \text{Protection}$$

4.2 Early Redemption Amount

Each Product Type may provide for the Autocallable feature. In this case, the applicable Final Terms will specify one or more Early Redemption Events.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, the Early Redemption Amount n-th, as calculated in the accordance with the formula specified below, shall also be multiplied by the ratio between the Exchange Rate on the Initial Valuation Date and the Exchange Rate on the Early Redemption Valuation Period n-th.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature applies, the Exchange Rate between the Underlying Currency and the Settlement Currency will not be taken into account for the purposes of the determination of the Early Redemption Amount n-th.

When an Early Redemption Event n-th occurs on the Early Redemption Valuation Period n-th, the Certificates will be early redeemed on the Early Redemption Date and no further amount will be paid to the Securityholders. Upon occurrence of the Early Redemption Event n-th, the Securityholders will be entitled to receive, for each Minimum Exercise Amount, on the Early Payment Date n-th, an amount in the Settlement Currency determined in accordance with the following formula:

$$\text{Nominal Value} \times \text{Early Redemption Percentage n-th}$$

4.3 Capital Lock-in

Each Product Type may provide for the Capital Lock-in feature. In this case, the applicable Final Terms will specify one or more Capital Lock-in Events.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, the Cash Settlement Amount paid at Maturity Date shall be multiplied by the ratio between the Exchange Rate on the Initial Valuation Date and the Exchange Rate on the Final Valuation Date.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature applies, the Exchange Rate between the Underlying Currency and the Settlement Currency will not be taken into account for the purposes of the determination of the Cash Settlement Amount paid at Maturity Date.

When a Capital Lock-in Event p-th occurs on the Capital Lock-in Valuation Period p-th, the Securityholders are entitled to receive at least an amount equal to 100% of Notional Amount at Maturity Date.

4.4 Remuneration Amounts

Each Product Type may provide for one or more of the following remuneration amounts, as specified in the applicable Final Terms.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, each remuneration amount, as calculated in the accordance with the formulas specified below, shall also be multiplied by the ratio between the Exchange Rate on the Initial Valuation Date and the Exchange Rate on the relevant valuation date.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature applies, the Exchange Rate between the Underlying Currency and the Settlement Currency will not be taken into account for the purposes of the determination of the relevant remuneration amount.

Each of these remuneration amounts, if so specified in the applicable Final Terms, may become due only after the occurrence of a Knock-in Event or may cease to be due after the occurrence of a Knock-out Event. In particular:

Knock-out Event

If a Knock-out Event is specified in the relevant Final Terms as applicable, the relevant remuneration amount will cease to be due and payable to the Securityholders after the occurrence of a Knock-out Event. In particular, after the occurrence of a Knock-out Event, the Securityholders will not benefit from the payment of the relevant remuneration amount (as better specified in the applicable Final Terms) on either (i) the payment date in relation to which the Knock-out Event has occurred and/or (ii) the payment dates following the Knock-out Valuation Period in which the Knock-out Event has occurred.

Knock-in Event

If a Knock-in Event is specified in the relevant Final Terms as applicable, the relevant remuneration amount will become payable to the Securityholders after the occurrence of a Knock-in Event. In particular, after the occurrence of a Knock-in Event, the Securityholders will benefit from the payment of the relevant remuneration amount (as better specified in the applicable Final Terms) on either (i) the payment date in relation to which the Knock-in Event has occurred and/or (ii) the payment dates following the Knock-in Valuation Period in which the Knock-in Event has occurred.

The following remuneration amounts may be provided under this Base Prospectus:

UNCONDITIONAL AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Unconditional Coupon Payment Date m -th, for each Minimum Exercise Amount, an amount in the Settlement Currency that does not depend on the performance of the Underlying, determined in accordance with the following formula:

$$\text{Nominal Value} \times \text{Unconditional Coupon } m\text{-th}$$

DIGITAL AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Digital Payment Date i -th, for each Minimum Exercise Amount, the Digital Amount i , k -th will be paid after the occurrence of the Digital Coupon Event i -th.

The Digital Coupon Event i -th occurs when, on the Digital Valuation Period i -th, the Underlying Value or the Underlying Final Value is equal to, higher than or lower than at least one of the Digital Coupon Level i , k -th.

In particular, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to:

- (a) when a single Digital Coupon Threshold is provided for each Digital Valuation Period (i.e. $k=1$), the following product:

$$\text{Nominal Value} \times \text{Digital Coupon } i\text{-th}$$

- (b) when several Digital Coupon Thresholds are provided for each Digital Valuation Period (i.e. $k=2$), the following product:

$$\text{Nominal Value} \times \text{Digital Coupon } i, k\text{-th}$$

provided that, when several Digital Coupon Thresholds are provided, the Securityholders will only receive the Digital Coupon which corresponds to the higher Digital Coupon Level i , k -th exceeded.

In relation to the Digital Amount, one or more of the following features may be specified as applicable in the relevant Final Terms:

Lock-in Coupon Event

If a Lock-in Coupon Event occurs, as specified in the applicable Final Terms, on each following Digital Payment Date(s) i -th, with $i > 1$, will be paid the Lock-in Coupon Amount l -th instead of the Digital Amount whatever the value of the Underlying.

Memory Mechanism

If the Memory Mechanism is applicable when a Digital Coupon Event occurs, a Memory Coupon for each Digital Coupon Event that did not occurred in relation to previous Digital Valuation Periods will be paid on the relative Digital Payment Date in addition to the relevant Digital Coupon.

Path Dependency Effect

If the Path Dependency Effect is specified as applicable in the relevant Final Terms, the Digital Amount may increase in relation to each Digital Valuation Period. Such increase will depend upon the occurrence of a Digital Event in the previous Digital Valuation Period.

In particular, the increase will be calculated as the product of (i) the amount indicated as the Path Dependency Amount in the applicable Final Terms and (ii) the number of the Digital Events that have occurred from the first Digital Valuation Period (included) until the Digital Valuation Period on which such Digital Amount is calculated.

PERFORMANCE COUPON AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Performance Coupon Payment Date j-th, for each Minimum Exercise Amount, the Performance Coupon Amount j-th after the occurrence of the Performance Coupon Event j-th.

The Performance Coupon Event j-th occurs when, on the Performance Coupon Valuation Period j-th, the Underlying Value or the Underlying Final Value is equal to, higher than or lower than the Performance Coupon Level j-th.

In particular, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to:

- (a) when Performance Cap Coupon j-th is provided, the following product:

$$\text{Nominal Value} \times \text{Min} (\text{Performance Coupon } j\text{-th}; \text{Performance Cap Coupon } j\text{-th})$$

- (b) when Performance Cap Coupon j-th is not provided, the following product:

$$\text{Nominal Value} \times \text{Performance Coupon } j\text{-th}$$

PARTICIPATION AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Participation Payment Date, for each Minimum Exercise Amount, a Participation Amount, determined on the basis of the performance of the Underlying during a Participation Valuation Period.

The Participation Amount is calculated according to one of the formulas described below specified in the applicable Final Terms.

The Participation Amounts may be calculated as follows:

- (a) Participation Amount Long:

$$\text{Nominal Value} \times \text{Max} [\text{Floor}; ((\text{Underlying Value}_t - \text{Strike Percentage} \times \text{Underlying Value}_j) / \text{Underlying Value}_j) \times \text{Multiplier}]$$

Where:

"**Underlying Value_t**" means the Underlying Value on the Participation Final Date specified in the applicable Final Terms,

"**Underlying Value_j**" means the Underlying Value on the Participation Initial Date specified in the applicable Final Terms,

"**Multiplier**" means the percentage specified in the applicable Final Terms,

"**Strike Percentage**" means the percentage specified in the applicable Final Terms,

"**Floor**" means the percentage specified in the applicable Final Terms.

(b) Participation Amount Short:

$$\text{Nominal Value} \times \text{Max} [\text{Floor}; ((\text{Strike Percentage} \times \text{Underlying Value}_j - \text{Underlying Value}_i) / \text{Underlying Value}_j) \times \text{Multiplier}]$$

Where:

"**Underlying Value_t**" means the Underlying Value on the Participation Final Date specified in the applicable Final Terms,

"**Underlying Value_j**" means the Underlying Value on the Participation Initial Date specified in the applicable Final Terms,

"**Multiplier**" means the percentage specified in the applicable Final Terms,

"**Strike Percentage**" means the percentage specified in the applicable Final Terms,

"**Floor**" means the percentage specified in the applicable Final Terms.

The applicable Final Terms may specify which amount applies in relation to each Participation Valuation Period, whether Long Participation Amount or Short Participation Amount.

If so specified in the Final Terms, both the Participation Amount Long and Participation Amount Short may apply in relation to a single Participation Valuation Period.

4.5 Features in relation to the determination of the Underlying Value

Best Of feature

For the calculation of the Cash Settlement Amount and/or each Remuneration Amount provided and for the occurrence of any Event, the Calculation Agent selects, in relation to the relevant valuation period, the Best Of Underlying which is the Underlying with the best Performance compared with the other Underlying(s).

Worst Of feature

For the calculation of the Cash Settlement Amount and/or each Remuneration Amount provided and for the occurrence of any Event, the Calculation Agent selects, in relation to the relevant valuation period, the Worst Of Underlying which is the Underlying with the worst Performance compared with the other Underlying(s).

Digital Combo feature (in case of Digital Amounts)

In relation to Certificates linked to a Basket or to more than one Underlying, the Digital Combo feature may apply if so specified in the applicable Final Terms. In this case, the Calculation Agent will determine the occurrence of the Digital Coupon Event i-th in relation to each Basket Constituent or each Underlying. The amount of the Digital Amount will therefore depend on the number of Basket Constituents or Underlyings in relation to which the Digital Coupon Event i-th has occurred.

Rainbow Feature

In relation to Certificates linked to a Basket or to more than one Underlying, the Rainbow feature may apply if so specified in the applicable Final Terms. If the Rainbow feature applies, the Final Terms will specify: (i) the Basket Constituents, (ii) the percentage of the weights and (iii) the criteria pursuant to which each weight will be assigned to the Basket Constituents (for instance, the percentage of weights may be allocated as follows: 70% for the Basket Constituent with the best performance; 20% for the Basket Constituent with the second best performance; and 10% for a Basket Constituent with the worst performance).

5. ILLEGALITY AND FORCE MAJEURE

If the Issuer determines that the performance of its obligations under the Securities or that any arrangements made to hedge the Issuer's obligations under the Securities have, become (i) illegal in whole or in part for any reason, or (ii) by reason of a force majeure event (such as an act of God, fire, flood, severe weather conditions, or a labour dispute or shortage) or an act of state occurring after the Trade Date, impossible or impracticable, the Issuer may cancel the Securities by giving notice to Securityholders in accordance with Condition 9.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Securities pursuant to an illegality then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder, which amount shall be equal to the Certificates Fair Market Value, as the case may be (the bid-value in case of Italian Traded Securities), notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), as determined by the Calculation Agent in its sole and absolute discretion (such costs shall not be applicable in case of Italian Traded Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9.

If the Issuer cancels the Securities by reason of a force majeure event or an act of state, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder, which amount shall be equal to the Certificates Fair Market Value, as the case may be (the bid-value in case of Italian Traded Securities), taking into account the applicable force majeure event or act of state, as the case may be, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), as determined by the Calculation Agent in its sole and absolute discretion (such costs shall not be applicable in case of Italian Traded Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9.

6. HEDGING DISRUPTION

The Issuer or one of its Affiliates may be unable, after using commercially reasonable efforts, to either (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk) of entering into and performing its obligations with respect to the Securities; or (b) freely realize, recover, receive, repatriate, remit or transfer the proceeds of hedge positions as the case may be between accounts within the jurisdiction of the hedge position (the "**Affected Jurisdiction**") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction.

In case of the occurrence of a Hedging Disruption relating to an Underlying (the "**Affected Underlying**") the Calculation Agent may:

- (i) consider such event as an event triggering an early redemption of the Securities (hereafter, a "**Redemption Event**"). In that case where a Redemption Event occurs, the Issuer shall terminate its obligations under the Securities and shall pay or cause to be paid an amount on the basis of the Certificates Fair Market Value (the bid-value in case of Italian Traded Securities); or
- (ii) replace the Affected Underlying by a new underlying which is representative of the same economic or geographic sector.

7. PURCHASES AND CANCELLATION

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation.

8. AGENTS, DETERMINATIONS, MEETINGS OF SECURITYHOLDERS AND MODIFICATIONS

8.1 Issuing and Paying Agent

The specified offices of the Issuing and Paying Agent is set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint further or additional issuing and paying agents, provided that no termination of appointment of the Issuing and Paying Agent shall become effective until a replacement agent shall have been appointed and provided that, so long as any of the Securities are listed on any stock exchange or admitted to trading or listing by any other relevant authority, there shall be an Issuing and Paying Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any termination of appointment and of any changes in the specified office of the Issuing and Paying Agent will be given to Securityholders in accordance with Condition 9 provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such termination or changes.

In acting under the Agency Agreement in relation to Bearer Securities, the Issuing and Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders and any Issuing and Paying Agent's determinations and calculations in respect of the Securities shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

The Agency Agreement in relation to Bearer Securities may be amended by the parties thereto, but without the consent of the Securityholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Securityholders.

8.2 Calculation Agent

In relation to each issue of Securities, the Calculation Agent (whether it be the Issuer or another entity) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. All calculations and determinations made in respect of the Securities by the Calculation Agent shall be made in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

8.3 Determinations by the Issuer

Any determination made by the Issuer pursuant to these Conditions shall be made in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

8.4 Meetings of Securityholders and Modifications

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Securities or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer. The provisions for convening meetings of the Securityholders contained in the Agency Agreement, shall apply, *mutatis mutandis*, also to the Italian Dematerialised Securities. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority of the Securities for the time being outstanding or at any adjourned meeting two or more persons being or representing Securityholders whatever the number or Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities (including modifying the date of exercise of the Securities, reducing or cancelling the Cash Settlement Amount in respect of the Securities or altering the currency of payment of the Securities), the quorum shall be two or more persons holding or representing not less than two-thirds of the Securities for the time being outstanding or at any adjourned such meeting one or more persons holding or representing not less than one-third of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting.

In respect of Italian Dematerialised Securities, for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Securityholders and (ii) the determination of how many Italian Dematerialised Securities are outstanding for the purposes of this Condition, those Italian Dematerialised Securities which are beneficially held by, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding provided, for the avoidance of doubt, that this shall not prejudice any rights of the Issuer and its respective legal and financial advisers to attend and speak at any such meeting.

The Issuing and Paying Agent and the Issuer may agree, without the consent of the Securityholders to:

- (a) any modification (except as mentioned above) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders; or
- (b) any modification of the Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 9 as soon as practicable thereafter.

9. NOTICES

All notices to Securityholders shall be valid (i) if published in a leading English language daily newspaper of general circulation in London; (ii) if and for so long as the Securities are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (www.luxse.com). It is expected that any such publication in a newspaper will be made in the Financial Times in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading; (iii) if and so long as the Securities are admitted to trading on stock exchanges other than the Luxembourg Stock Exchange, the notices are duly published in a manner which complies with the rules of any such other stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading; and (iv) if and so long as the Securities are Italian Dematerialised Securities, as long as the Securities are held through Monte Titoli, the notice shall be deemed to have been duly given if given through the systems of Monte Titoli.

Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Securityholders will be deemed for all purposes to have notice of the contents of any notice given to the Securityholders in accordance with this Condition.

Until such time as any Definitive Securities are issued, there may, so long as any Global Securities representing the Securities are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Securities and, in addition, for so long as any Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or on the website of such stock exchange. Any such notice shall be deemed to have been given to the holders of the Securities on the date of delivery to Euroclear and/or Clearstream, Luxembourg.

10. EXPENSES AND TAXATION

- (A) A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, sale commissions, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities pursuant to the terms of such Securities (the "**Expenses**") relating to such Securities.

- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.
- (C) A holder of Securities must provide the Issuer with sufficient information and all reasonable assistance necessary (for, and pay all costs associated with), compliance by the Issuer with Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code. If the Issuer or any other relevant withholding agent determines that a withholding pursuant to FATCA or U.S. dividend equivalent tax legislations under Section 871(m) is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

11. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of Securityholders to create and issue further Securities so as to be consolidated with and form a single series with the outstanding Securities.

12. SUBSTITUTION OF THE ISSUER

12.1 Substitution of Issuer

Unless otherwise indicated in the relevant Final Terms, the Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute**") as principal debtor in respect of all obligations arising from or in connection with the Securities provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Securities and shall have become a party to the Agency Agreement, where applicable, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Securities shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Securities are listed shall have confirmed that following the proposed substitution of the Substitute the Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 9.

12.2 Modification of Conditions as a result of Substitution of Issuer

After any substitution or change of branch pursuant to Condition 12.1, the Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the Conditions where applicable, by references to the country of incorporation, domicile and/or residence for tax purposes of the Substitute or the new branch, as the case may be. Such modifications shall be notified to Securityholders in accordance with Condition 9.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

13.1 Governing Law

The Securities and the Agency Agreement (and any non-contractual obligations arising out of or in connection with the Securities and the Agency Agreement) are governed by, and shall be construed in accordance with, English law. Notwithstanding this, (i) the registration and transfer of the Italian Dematerialised Securities in Monte Titoli will be governed by, and will be construed in accordance with, Italian law, (ii) Condition 2 (*Status of the Securities*), and (iii) Condition 15 (*Contractual recognition of Bail-in Power*), together with any non-contractual obligations arising out of or in connection with (i), (ii) and (iii), are governed by, and shall be construed in accordance with, Italian law.

13.2 Submission to jurisdiction

In relation to any legal action or proceedings arising out of or in connection with the Securities (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the Securities and the Agency Agreement), the Issuer irrevocably submits to the non-exclusive jurisdiction of the courts of England and hereby waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

13.3 Appointment of process agent

The Issuer has appointed The Italian Chamber of Commerce and Industry for the UK at 1 Princes Street, London W1B 2AY, United Kingdom as its agent for service of process, and undertakes that, in the event of The Italian Chamber of Commerce and Industry for the UK ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with Securities and the Agency Agreement (and any non-contractual obligations arising out of or in connection with the Securities and the Agency Agreement). Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

14. PRESCRIPTION

Claims against the Issuer, if any, for payment of principal, interest and/or remuneration in respect of the Certificates shall become void unless made within 60 months from the Exercise Date and no claims shall be made after such date.

15. CONTRACTUAL RECOGNITION OF THE BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any Securityholders and without prejudice to Article 55(1) of the BRRD, each Securityholder, by virtue of its acquisition of the Security (whether on issuance or in the secondary market), acknowledges and accepts the existence of, agrees to be bound by and consents to:

- (a) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Cash Settlement Amount in respect of the Securities together with any accrued but unpaid remuneration amount due thereon and any additional amounts (if any) due in relation thereto;

- (B) the conversion of all, or a portion, of the Cash Settlement Amount in respect of the Securities together with any accrued but unpaid remuneration amount due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions;
 - (C) the cancellation of the Securities or the Cash Settlement Amount in respect of the Securities together with any accrued but unpaid remuneration amount due thereon and any additional amounts (if any) due in relation thereto; and
 - (D) the amendment or alteration of the maturity of the Securities or amendment of the amount of remuneration amount payable on the Securities, or the date on which the remuneration amount become payable, including by suspending payment for a temporary period; and
- (b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

Each Securityholder further agrees that the rights of the Securityholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Securities, the Issuer shall provide a notice to the holders of the Securities in accordance with Condition 9 (Notices) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Issuing and Paying Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Securities described in this Condition 15.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Securities shall not constitute an event of default and the terms and conditions of the Securities shall continue to apply to the outstanding amount of the Securities subject to any modification of the amount of remuneration amount payments to reflect the reduction of the outstanding amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation and any other relevant provisions under the applicable banking regulations.

Each Securityholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Bail-In Power.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Subject to the provisions of the Agency Agreement, the Securities do not confer on any third party any rights under the Contracts (Rights of Third Parties) Act 1999 (the "**Act**") to enforce any term of the Securities, but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

17. MARKET DISRUPTION EVENTS

If the Calculation Agent determines that the value of the Underlying cannot be determined at any time, which is relevant to fix the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value, by reason of the occurrence of an event giving rise to a Market Disruption Event (as described below), the following provisions apply.

Market Disruption Events shall mean:

- (a) when the Underlying is neither an Index nor an Interest Rate,
 - (i) any suspension of, or relevant limitation imposed on, any transaction of the Underlying (either as single or as a Basket Constituent) on the relevant Reference Exchange; or
 - (ii) any suspension of, or relevant limitation imposed on, trading of futures or options contracts relating to the Underlying on a Related Exchange;

provided that such events do not include the reduction in hours or days of trading - unless such change has been regularly announced by the relevant Related Exchange - nor the ceasing of the exchanges under such contract;
- (b) when the Underlying is an Index or an Interest Rate, a suspension of the publication of the Index or of the Interest Rate.

If a Market Disruption Event continues for the whole valuation period that is relevant to fix the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value, the Issuer will determine the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value acting in good faith and in a commercially reasonable manner in order to neutralise the effects which the Market Disruption Event has caused to the Certificates. The Issuer will duly inform about the procedures and determinations made in order to calculate such value.

The Certificates Fair Market Value will be determined as specified in the following Condition 18.

18. ADJUSTMENT EVENTS RELATING TO THE UNDERLYING AND CORRECTION PROVISIONS IN RELATION TO THE SECURITIES

If the Underlying is affected by an Adjustment Event, the Issuer will intervene in order to procure that the economic value of the Certificates following an Adjustment Event is equal, as far as possible, to the economic value of the Certificates before the occurrence of the Adjustment Event.

If an Adjustment Event has occurred and its negative effects cannot be corrected, the Issuer may:

- (i) apply the provisions in relation to the Market Disruption Events as detailed under the previous Condition, or, as alternative, (ii) redeem the Securities early by paying an amount calculated on the basis of the market value of the Securities, as determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner. The payment will be made in accordance with the method of calculation notified to investors on the web site of the Issuer.

18.1 Adjustment Events in relation to Index or Basket of Indexes

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to an Index, either as single or as a Basket Constituent, the occurrence of one or more of the following events:

- (a) Calculation of the Index by a Successor Sponsor.

If the Index Sponsor is replaced by a Successor Sponsor, the Index so calculated and announced by such Successor Sponsor will continue to be deemed as the single Underlying or the Basket Constituent.

In this case, Securityholders will be notified by the Issuer in relation to the identity of the Successor Sponsor, the method of calculation and the publication of the Index as determined by the Successor Sponsor, by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event;

- (b) Modification of the method of calculation of the Index or substitution with a Successor Index.

If an Index Sponsor (or a Successor Sponsor, where applicable) substantially modifies the method of calculation of the Index or replaces the Index with a Successor Index, the Issuer may take one of the following actions which will be notified to the investor by way of a notice on its website:

- (i) replace the Underlying Index with the Index as modified or with the Successor Index, multiplied, if necessary, by a coefficient ("**Adjustment Coefficient**") aiming to neutralise the effects which the Adjustment Event cause to the Securities, in such a way as the economic value of the Securities after the correction is equal, as far as possible, to the economic value of the Securities before the Adjustment Event has occurred. Securityholders will be notified by the Issuer in relation to Index as modified or the Successor Index or, as the case may be, to the Adjustment Coefficient, by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event; or;
- (ii) redeem the Securities, as specified in the following point (c), if the disruptive events in relation to the modified Index or Successor Index, have not been removed by the procedure provided in point (i) above.

- (c) Cancellation or disruption of the Index.

If the Index Sponsor (or the Successor Sponsor, where applicable) (i) permanently cancels that Index, or (ii) fails to calculate and announce that Index, either as single or as a Basket Constituent, without provide a Successor Index:

- (a) in case of an Index as single Underlying: the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value;
- (b) in case of an Index as Basket Constituent: the Issuer shall replace the Index with another similar Index. In accordance with the index types, the features that the Issuer will consider for the purposes of the replacement are the following:
 - (i) the assets included in the Index are listed in a primary regulated market and represent, in geographical terms, the assets which composed the Index replaced; and
 - (ii) the principal economic activity of the companies issuing the assets included in the Index replaced is, as far as possible, the same as that of the companies using the assets included in the Index replaced.

All the notices relating to the point (a) and (b), unless otherwise required by law, will be published on the website of the Issuer.

If the Index Sponsor (or the Successor Sponsor, where applicable) (i) permanently cancels or (ii) fails to calculate and announce most of the Index composed the Basket of Index, without provides for the method of calculation or the publication of replaced indexes, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value.

Securityholders will be notified by the Issuer in relation to the Certificates Fair Market Value, by way of a notice on the Issuer's website, within the fifth Business Day following its determination.

The Certificates Fair Market Value shall be paid to the Securityholders within five Business Day following its determination.

The corrections described in this paragraph will be binding for the Securityholders and the Issuer, save for manifest errors.

18.2 Adjustment Events in relation to Share or Basket of Shares

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to a Share, either as single or as a Basket Constituent, one or more of the following events:

- (a) share splits and consolidations;
- (b) the increase of corporate capital transactions on a free basis and the increase of corporate capital transactions by way of issuance of new shares of the same class as those underlying the Securities;
- (c) the increase of corporate capital transactions by way of issuance of (i) new shares of a class different from those underlying the Securities, (ii) shares with warrant, (iii) convertible bonds and (iv) convertible bonds with warrant;
- (d) merger and de-merger transactions (for the purposes of a correction in relation to a de-merger, reference should be made to the listed share of the company that arises from the de-merger transaction);
- (e) payment of an extraordinary dividend or a spin-off;
- (f) any other event affecting the economic value and, consequently, the market price of the Share and/or the rights of the Shareholders.

The Issuer determines the method of correction so that the economic value of the Securities after the correction is equal, as far as possible, to the economic value of the Securities before the Adjustment Event has occurred. In particular, the correction, in relation to a single Adjustment Event, which may affect the Underlying Initial Value and/or the Share and/or other terms related to the Securities, is made according to the following criteria:

- (i) where an option contract is traded on the Share affected by the Adjustment Event on a Related Exchange, reference will be made to the criteria used by the Related Exchange to make the relevant corrections, possibly modified to consider the existing differences between the contractual features of the Securities and the option contracts;
- (ii) where there are no option contracts on the Share traded on a Regulated Exchange or in relation to which the Issuer does not consider that the method of correction is appropriate for the adjustment of the Securities, the terms and conditions of the Securities will be adjusted by the Issuer acting in a good faith and pursuant to international market practice.

In relation to a Basket, the Issuer will correct the Basket value considering the weighting of the Share adjusted.

In these cases, Securityholders will be notified by the Issuer in relation to such corrections by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event.

If:

- (i) an Adjustment Event has occurred, whose effects may not be neutralised by way of appropriate corrections to the Barrier/Protection Level, and/or the Reverse Protection Level (where applicable) and/or Initial Value, and/or Final Value, and/or Underlying Share and/or n-th Early Redemption Level, and/or Digital Coupon Level i, k-th (where applicable), and/or the Capital Lock-in Level p-th (where applicable), and/or the Lock-in Coupon Level l-th (where applicable), and/or the Performance Coupon Level j-th (where applicable) and/or Strike Level (where applicable), and/or Cap Level (where applicable), and/or the Bonus Level (where applicable), and/or the Knock-in Level (where applicable), and/or the Knock-out Level (where applicable) and, in the case of Securities issued on a Basket, the Basket Constituent Weight, or
- (ii) following the Adjustment Events, the Underlying does not maintain the liquidity requirements that may be provided by Borsa Italiana S.p.A., or
- (iii) the Underlying is suspended and not re-listed, or
- (iv) the Underlying is removed from the list of the organised market where it is traded (so-called "delisting"),
 - a) in the case of Securities having as Underlying a single Share, the Securities shall be deemed to be early expired and the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value;
 - b) in the case of Securities having as Underlying a Basket of Shares, the Issuer shall replace the Share with a replaced share.

In accordance with the share types, the features that the Issuer will consider for the purposes of the replacement are the following:

- (i) the selected share is listed on a primary regulated market within the same continent as the regulated market of the replaced share; and
- (ii) the principal economic activity of the company issuing the replacement share is, as far as possible, the same as that of the company issuing the replaced share.

If these circumstances occur in relation to the majority of the Shares constituting the Basket, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value.

Securityholders will be notified by the Issuer by way of a notice on the Issuer's website.

The Certificates Fair Market Value shall be paid to the Securityholders within five Business Day following its determination.

If in the future the market on which the Underlying is listed, is managed by an entity other than the entity managing it at the time of the issue of the Securities, the Reference Price communicated by the new entity shall be binding for the determination of the Cash Settlement Amount of the Securities. However, if the Underlying is listed on more than one market other than that one of the new entity, the Issuer will select the Related Exchange where the higher liquidity of the Underlying is guaranteed. All the communications in this regard will be made, unless otherwise provided by law, on the Issuer's website.

Such corrections will be binding for the Securityholders and the Issuer, save for manifest errors.

18.3 Adjustment Events in relation to Interest Rate or Basket of Interest Rates

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to an Interest Rate, either as single or as a Basket Constituent, one or more of the following events:

- (i) the Interest Rate is no longer calculated by the relevant Reference Source in charge for the calculation, but by another entity which has replaced the Reference Source in charge of the calculation. Securityholders will be notified by the Issuer in relation to the identity of the new Reference Source, the method of calculation and the publication of the Interest Rate as determined by the new Reference Source, by way of a notice on the Issuer's website, within the effective date of its appointment;
- (ii) the relevant Reference Source or the Reference Source substantially modify the features of the Interest Rate, or one or more Interest Rate composing the Basket. In this case:
 - (a) if the relevant Reference Source or the new Reference Source modify or replace the Interest Rate maintaining the same value of the Interest Rate, before and after the correction or the replacement (using a relevant coefficient) of the Interest Rate, the Securities will not be adjusted and the modified or replaced Interest Rate will be maintained as Underlying;
 - (b) if the relevant Reference Source or the new Reference Source modify or replace the Interest Rate not maintaining the same value of the Interest Rate, before and after the correction or the replacement, the Calculation Agent will correct the Underlying Initial Value in order to maintain unaffected the economic value using a correction coefficient as determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner;
 - (c) if the Calculation Agent determines that the disruptive events in relation to the replacement of the Interest Rate may not be removed by the procedure provided in point (b), the Issuer shall redeem the Securities as specified below;
- (iii) the relevant Reference Source or the new Reference Source fail to calculate and announce that Interest Rate (or the Interest Rate as Basket Constituent), without provide for a calculation and a publication of a replaced Interest Rate. In this case:
 - (a) with respect to Interest Rate Securities, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value;
 - (b) in case of Securities on Interest Rate as Basket Constituent: the Issuer may replace the Interest Rate with another similar Interest Rate.

If the relevant Reference Source or the new Reference Source fails to calculate and announce most of the Interest Rate composed a Basket of Interest Rate, without provides for a calculation or a publication of replaced Interest Rates, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value.

Securityholders will be notified by the Issuer of such corrections by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of such Adjustment Event.

The Certificates Fair Market Value shall be paid to the Securityholders within five Business Day following its determination.

Such corrections will be binding for the Securityholders and the Issuer, save for manifest errors.

18.4 Adjustment Events in relation to Exchange Rate or Basket of Exchange Rates

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to an Exchange Rate, either as single or as a Basket Constituent, the one or more of the following events:

- (i) the Exchange Rate is no longer calculated or published by the Fixing Sponsor in charge but by another Sponsor which has replaced the Fixing Sponsor in charge of the calculation. In this case the Calculation Agent will determine the Cash Settlement Amount and the other amount due in relation to the Securities on the Underlying as calculated and published by the new Sponsor.

When a new Sponsor is appointed, any reference to the Sponsor in the Base Prospectus and in the Final Terms shall be deemed to refer to the new Sponsor;

- (ii) a replacement of the Sponsor is not possible or, due to special situations or force majeure events (such as natural disaster, war, terrorist acts, revolution, limit payment transactions, transposition in the Monetary European Union of the currency used for the calculation) and to any other circumstances which have a similar impact on the Exchange Rate, both single Exchange Rate and Basket Constituent, the determination of the Exchange Rate is impossible or impracticable, as determined by the Calculation Agent. In this case the Issuer may early pay the Securities giving notice. The ceasing will be effective when announced. In this case the Issuer will pay to each Securityholder an amount in relation to each Security as indicated in the notice, in a date determined by the Issuer in a good faith and in its sole discretion, considering the Adjustment Event as determined by the Calculation Agent, in good faith and in its sole discretion.

If the Exchange Rate is one of the Basket Constituent, the Calculation Agent may replace it with a replaced Exchange Rate or, in its sole discretion, may remove the Exchange Rate and, if relevant, redistributes the Basket Constituent Weight ascribed to each Basket Constituent. If such events will occur in respect to the majority of the Basket Constituent, the Issuer will early repay the Securities. The amount determined in such paragraph will be reimburse within five days from its determination.

18.5 Adjustment Events in relation to Commodity or Basket of Commodities

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to a Commodity, one or more of the following events:

- (a) the Commodity traded on the Reference Source is a different quality or another composition (for example, in a different degree of purity);
- (b) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;

provided that such events are deemed to be relevant for the Calculation Agent determination purposes.

In that cases the Calculation Agent will be entitled, if applicable, to determine the appropriate adjustment following the adjustments measures implemented by a Related Exchange in relation to the event occurred on the options contracts or futures contracts on the same Commodity as traded on such Related Exchange.

In relation to such adjustments, Securityholders will be notified by the Issuer by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event.

Such corrections will be binding for the Securityholders and the Issuer.

18.6 Adjustment Events in relation to Fund or Basket of Funds

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to a Fund, either as single or as a Basket Constituent, one or more of the following events:

- (i) change in the investment policy of the Fund, change in the benchmark index, replacement of the Management Company, change in the income allocation policy;
- (ii) changes in the methodology for calculating and/or recording the liquidation price in the rules of the Reference Market;
- (iii) significant change in the fees relating to the Fund or to one or more of the Funds constituting the Basket;
- (iv) delisting or liquidation of the Fund or withdrawal of authorisation or registration by the relevant regulatory entity;
- (v) merger or incorporation of a Fund into another Fund;
- (vi) the asset under management of the Fund is less than EUR 10 million.

In these cases, the Issuer is entitled to:

- (i) replace the Fund indicated as the Underlying, or one or more of the Funds constituting the Basket, with the modified Fund, replaced, multiplied, where necessary, by a coefficient ("**Adjustment Coefficient**") which ensures continuity with the Underlying originally provided for the Securities and aims to neutralize the disruptive effects of the event while preserving the economic value of the Securities;
- (ii) make appropriate corrections to the Fund indicated as Underlying, also multiplying it, if necessary, by an Adjustment Coefficient that ensures continuity with the Underlying originally provided for the Securities and aims to neutralize the disruptive effects of the event while preserving the economic value of the Securities;
- (iii) fulfil the obligations arising from the Securities by paying the Securityholders an amount representing the Certificates Fair Market Value.

Securityholders will be notified of the occurrence of any of the above events and, where applicable, of the Adjustment Coefficient within five Business Day following the change or replacement. Securityholders will be notified of the Certificates Fair Market Value within five Business Day following the determination of such fair market value. All the communications in this regard will be made by publication of a notice on the Issuer's website.

The Certificates Fair Market Value shall be paid to the Securityholders within seven Business Day following its determination.

Such corrections will be binding for the Securityholders and the Issuer, save for manifest errors.

18.7 Adjustment Events in relation to Underlying with an ESG Rating

In addition to the Adjustment Events set forth in the preceding paragraphs, in the event that the issuer of a Share, an Index or a Fund has an ESG Rating, the same may be subject to an ESG Rating related event (as defined below). An ESG Rating related event ("**ESG Rating Related Event**") means one or more of the following events:

- (i) the loss of the ESG Rating by (a) the issuer of the Share, (b) the Index, (c) the Fund, (d) the Basket; or
- (ii) the deterioration of the ESG Rating below the ESG Rating Threshold.

If this circumstance occurs:

- (i) in case of Certificates having as Underlying a Share, Index or Fund, the Issuer will proceed to replace the Underlying with another Share, Index or Fund having an appropriate ESG Rating. The Issuer will replace the Underlying with another Share, Index, Fund or one or more components of the Basket such that the Certificate maintains a fair value not less than it had before the occurrence of the ESG Rating related Event;
- (ii) in case of Certificates having a Basket as Underlying, the Issuer shall proceed to replace one or more components of the Basket with as many components such that the ESG Rating Threshold of the Basket is reached and the Certificate will maintain a fair value not lower than it had before the occurrence of the ESG Rating Related Event.

If the replacement of the Share, Index, Fund or Basket components could not be made, the Certificates shall be deemed to have expired early, and the Issuer shall be discharged from any obligation in relation to such Certificates by payment of an amount equal to the Certificates Fair Market Value.

The reasons that may determine the loss of the ESG Rating will be defined from time to time by the individual rating agencies that will provide the ESG Rating. Information about the methods for the determination of the ESG Rating used by the rating agencies can be found on the rating agency's website, which will be indicated in the Final Terms.

19. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with Condition 9:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in Euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Securities will be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
- (B) where the Exchange Rate and/or any other terms of these Conditions (as amended or supplemented in the applicable Final Terms) are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, Euro at the Established Rate; and

- (C) such other changes shall be made to these Conditions (as amended or supplemented in the applicable Final Terms) as the Issuer may decide, in its sole and absolute discretion to conform them to conventions then applicable to instruments expressed in Euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent, in its sole and absolute discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the terms of these Conditions and/or the applicable Final Terms).

Notwithstanding the foregoing, none of the Issuer, any of its Affiliates, the Calculation Agent or the Issuing and Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or Expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to first sentence of Article 1091(4) of the Treaty;

"Euro" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"National Currency Unit" means the unit of the currency of a country, as those units are defined on the date on which the country of the Original Currency first participates in European Economic and Monetary Union; and

"Treaty" means the treaty establishing the European Community, as amended.

20. EXERCISE PROCEDURE

Each such Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount ("**Cash Settled Securities**"), less any Expenses not already paid.

Each Certificate shall be automatically exercised on the Exercise Date and settled in accordance with this Condition 20, unless and Early Redemption Event occurred, if applicable, as specified in the applicable Final Terms.

In respect of Certificates listed on stock exchanges other than the Luxembourg Stock Exchange, prior to the Renouncement Notice Cut-off Time indicated in the relevant Final Terms, the Securityholder may renounce any automatic exercise of such Certificate by the delivery or sending by authenticated swift message (confirmed in writing) of a duly completed Renouncement Notice to the relevant Clearing System, with a copy to the Issuing and Paying Agent and the Issuer, in compliance with the laws and regulation, including the regulations of such other stock exchange, applicable from time to time. If a duly completed Renouncement Notice is delivered or sent in compliance with the above, the relevant Security Holder will not be entitled to receive any amounts payable by the Issuer in respect of the relevant Certificates listed on other exchanges and the Issuer shall have no further liabilities in respect of such amounts.

Once delivered a Renouncement Notice shall be irrevocable. Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by the relevant Clearing System in consultation with the Issuing and Paying Agent and shall be conclusive and binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent and the relevant Securityholder. Subject as set out below, any Renouncement Notice so determined to be incomplete or not in proper form or which is not duly delivered shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of the relevant Clearing System, in consultation with the Issuer and the Issuing and Paying Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered to the relevant Clearing System and copied to the Issuer and the Issuing and Paying Agent.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Securities for general corporate purposes, including making a profit. A substantial portion of the proceeds may be used to hedge market risks with respect to the Securities. If in respect of any particular issue of Securities, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER AND THE GROUP

Introduction

Banco BPM S.p.A. (the “**Issuer**” or the “**Bank**” and together with its subsidiaries, the “**Group**” or the “**Banco BPM Group**”) was incorporated on 13 December 2016 as a joint stock company (*società per azioni*) under the laws of the Republic of Italy and is one of the largest banking groups in Italy as at 31 December 2022, based on revenues, assets and net income, with 20,157 employees, 1,504 branches and approximately 4 million customers concentrated in the Lombardy, Veneto and Piedmont regions. Banco BPM’s duration has been set to 23 December 2114, however it may be extended. The domicile of the Issuer is at its registered office in Piazza Filippo Meda 4, 20121 Milan. The website of the Issuer is <https://gruppo.bancobpm.it/en/> and its telephone numbers are +39 02 77 001 and +39 045 8675 111.

The Group is the product of the combination between Banco Popolare Società Cooperativa (“**Banco Popolare**”) and Banca Popolare di Milano S.c.a.r.l. (“**BPM**”).

The Group’s core activities are divided into the following business segments: (i) Retail, (ii) Corporate, (iii) Institutional, (iv) Private, (v) Investment Banking, (vi) Insurance, (vii) Strategic Partnerships and the (viii) Corporate Centre.

The majority of the Group’s activities are based in Italy. Outside of Italy, the Group has foreign operations in Switzerland, China and India.

Legal and commercial name of the Issuer

The legal and commercial name of the Issuer is Banco BPM S.p.A.

Place of registration, registration number and legal entity identifier (LEI)

The Issuer is registered with the Companies’ register of Milan under number 09722490969. The Issuer is also registered with the Register of Banking Groups (*Albo dei Gruppi Bancari*) under number 237 since 1 January 2017. The legal entity identifier (LEI) of the Issuer is 815600E4E6DCD2D25E30.

History of the Group

BPM

BPM was incorporated as a limited liability co-operative company in 1865 to facilitate access to credit for merchants, small businessmen and industrialists. In 1876, BPM became part of the “*Associazione nazionale delle Banche Popolari*” and in the early 1900s it increased its business through the establishment of new branches in northern Italy. From the 1950s onwards, BPM grew considerably through the acquisition of interests in other lending institutions and the incorporation of several banks such as Banca Popolare di Roma, Banca Briantea, Banca Agricola Milanese, Banca Popolare Cooperativa Vogherese, Banca Popolare di Bologna e Ferrara, Banca Popolare di Apricena, INA Banca, Cassa di Risparmio di Alessandria, Banca di Legnano and Banca Popolare di Mantova. The late 1980s saw the establishment of the Bipiemme – Banca Popolare di Milano group (the “**BPM Group**”), of which BPM was the parent company, performing, in addition to banking activities, strategic guidance, governance and supervision of its financial and instrumental subsidiaries. The BPM Group operated mainly in Lombardy (where 63% of its branches were situated), but also in Piedmont, Lazio, Puglia and Emilia Romagna, predominantly providing commercial banking services to retail and small-medium sized enterprises (SMEs) as well as to corporates, through a dedicated internal structure. In addition, BPM offered its customers capital market services, brokerage services, debt and equity underwriting, asset management, insurance underwriting and sales, factoring services and consumer credit. From 1999 onwards, BPM operated an online banking service called WeBank.

Banco Popolare

Banco Popolare was incorporated on 1 July 2007 following the merger between Banco Popolare di Verona e Novara Società Cooperativa a Responsabilità Limitata (“**BPVN**”) and Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa (“**BPI**”). Banco Popolare, together with its subsidiaries, formed the Banco Popolare group (the “**Banco Popolare Group**”).

In turn, BPVN was incorporated in 2002 as a result of the merger between Banca Popolare di Verona – Banco S. Geminiano and S. Prospero Società cooperativa di credito a responsabilità limitata.

BPI was incorporated in 1864 and was the first cooperative bank established in Italy. It was formed to promote savings by local customers and to provide banking services to support their business activities. BPI was listed on the *Mercato Ristretto* of the Italian Stock Exchange in 1981 and was listed on the MTA from 1998 onwards. In June 2005, BPI changed its name from Banca Popolare di Lodi S.c.a r.l. to Banca Popolare Italiana – Banca Popolare di Lodi Società Cooperativa.

Banco Popolare operated abroad through an international network made up of banks, representative offices and international desks. It also had relationships with around 3,000 correspondent banks. The Group's foreign operations included a subsidiary company, Banca Aletti Suisse, and representative offices in China (Hong Kong and Shanghai), India (Mumbai) and Russia (Moscow). In 2014, following a merger by incorporation of Credito Bergamasco, Banco Popolare further simplified its organisational model by rationalising Credito Bergamasco's local management. On 16 March 2015, Banca Italease S.p.A. was merged into Banco Popolare with effect for accounting and tax purposes as of 1 January 2015.

Banco BPM

Banco BPM carries out the functions of a bank and holding company, which involve operating functions as well as coordination and unified management functions in respect of all the companies included within the Banco BPM Group.

ORGANISATIONAL STRUCTURE

Structure of the Group

During 2022, the Group completed the below detailed initiatives with the aim of streamlining its corporate and organisational structure, simplifying its structure, optimizing and enhancing resources and reducing costs.

Equity interest management transactions

The process of rationalising the portfolio of interests in associates and joint ventures undertaken by the Group in recent years includes the sale to Banca Popolare di Sondrio S.p.A., on 15 March 2022, of the interest held in Factorit S.p.A., previously measured with the equity method, corresponding to 39.5% of share capital. The transaction, completed for a consideration of Euro 75 million, an amount corresponding to the book value of the equity interest in the financial statements as at 31 December 2021, did not entail the recognition of any impact on the income statement for 2022.

Moreover, during 2022 the mergers by incorporation into the Banco BPM of Bipielle Real Estate S.p.A. and Release S.p.A. (already wholly owned by Banco BPM) were finalised. In particular, from 1 January 2022, the incorporation of Bipielle Real Estate into the Parent Company took effect, while the merger by incorporation of Release into Banco BPM S.p.A. became effective from 21 February 2022. Both transactions took effect for accounting and tax purposes on 1 January 2022. These transactions, which were carried out according to the simplified forms established for wholly-owned companies, pursued the objective of concentrating the management of leasing activity as well as real estate assets directly in the Parent Company, which also includes the complex of organisational units responsible for asset management.

It should also be noted that, in February 2022, the liquidation procedure of the subsidiary BP Trading Immobiliare S.r.l. was completed after it was struck off the competent Companies' Register.

In addition, on 18 May 2022, the shareholders' meeting of Consorzio AT01 (95% interest held by Banco BPM) resolved the early dissolution and the launch of voluntary liquidation with legal effect from 1 June 2022. On 19 October 2022, the shareholders' meeting of the consortium members approved the final liquidation financial statements as at 30 September 2022; prior to that, in July 2022, the associated company Bussentina S.c.r.l. also approved the final liquidation financial statements as at 30 June 2022. As highlighted in Section 4 of the Notes to the consolidated financial statements (which is dedicated to the events after the reporting date), in January 2023 both companies were struck off the competent Companies' Registers.

Lastly, on 16 December 2022, the deed of partial demerger of Tecmarket Sevizi to Banco BPM was signed regarding the assignment of a business unit relating to the activities carried out by the subsidiary on the technology platform for the You Business Web service, intended for entities and companies that are customers of Banco BPM, as well as technological services, functional to specific businesses of Banco BPM for its customers, with the exclusion of activities related to the management of terminals and technical assistance to customers for POS and Mobile POS services, which will be the focus of Tecmarket's future operations. The partial demerger, carried out with a simplified procedure pursuant to Articles 2505 and 2506-ter of the Italian Civil Code, is effective, also for accounting and tax purposes, from 1 January 2023.

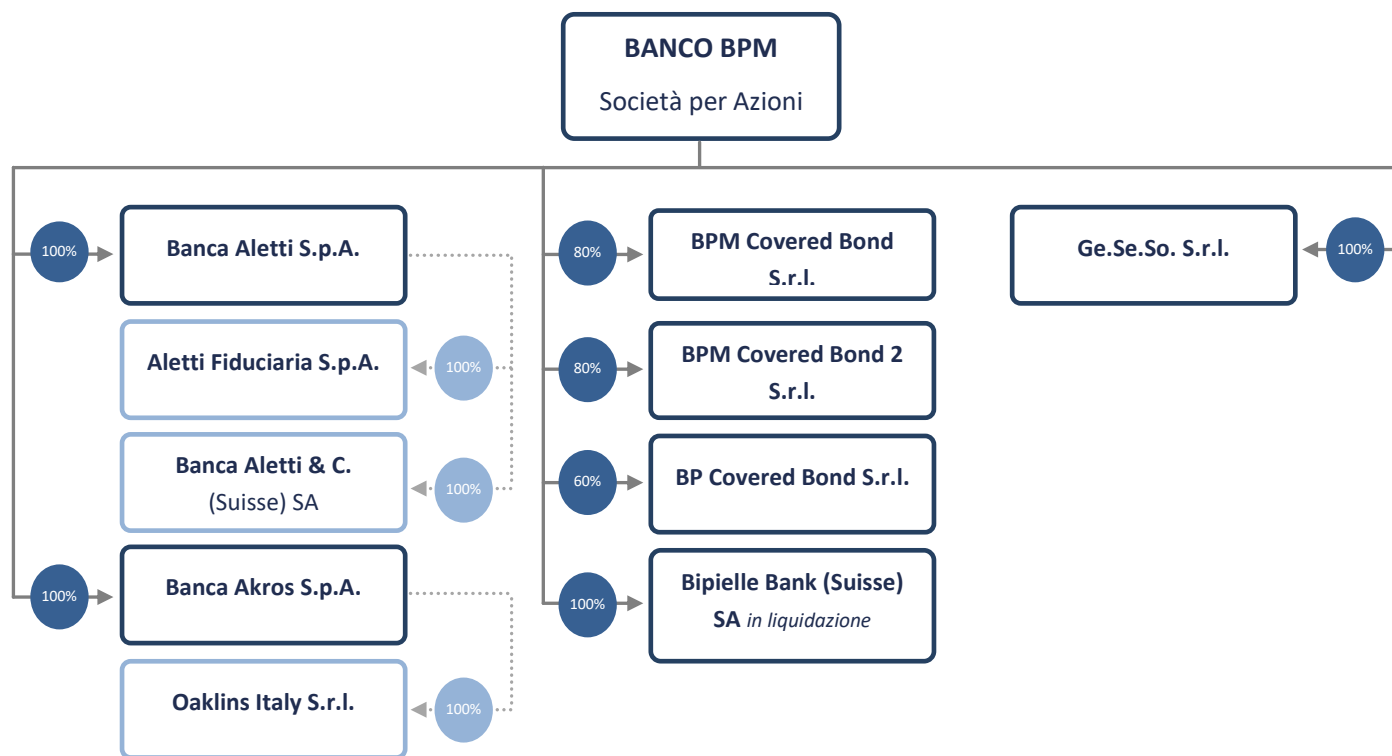
The transactions described above, which pursue the objective of simplifying and rationalising the corporate and operating structure of the Group, did not have any impact on the consolidated financial statements or on the capital ratios.

Integration of the insurance business

In April 2022, the Board of Directors of Banco BPM resolved to exercise the option for the purchase from the partner Covéa Coopération SA of 81% of the share capital of Bipiemme Vita S.p.A., an insurance company operating in the life sector, in which Banco BPM already held a 19% interest. On 22 July 2022, after obtaining the legal authorisations from the competent authorities, the Group finalised the acquisition of 81% of Bipiemme Vita S.p.A.'s share capital, for a sum of Euro 309.4 million. In turn, Bipiemme Vita holds the entire share capital of Bipiemme Assicurazioni S.p.A., operating in the non-life sector. The two insurance companies, which concurrently changed their company names to Banco BPM Vita S.p.A. and Banco BPM Assicurazioni S.p.A.,

were consolidated on a line-by-line basis from 1 July 2022.

As a result of the above initiatives, the structure of the BPM banking group, as at the date of this Base Prospectus, is as follows:



Strategy

On 11 December 2023 the Board of Directors of Banco BPM approved the 2023-2026 Strategic Plan setting out updated targets for the Group through 2026 and which supersedes the previous 2021-2024 Strategic Plan. The 2023-2026 Strategic Plan reflects the outcome of a growth and innovation path that Banco BPM has embarked on in recent years that has strengthened its profitability, consolidated its capital position, improved its overall risk profile, transformed its business operations through a wider adoption of digital channels, enhanced its business model and finalised a growing integration of sustainability.

Main Assumptions underlying the 2023-2026 Strategic Plan

The 2023-2026 Strategic Plan was developed by incorporating the new macro-economic outlook and changes in the regulatory environment. Macro-economic assumptions include a slowdown in inflationary dynamics, together with a substantial stabilisation of economic growth and a normalisation of interest rates starting from 2025.

In addition, the development of the 2023-2026 Strategic Plan rests on the following key aspects of the Group:

- **excellent geographical position:** the Group operations are concentrated in the richest regions of Italy, with the majority of loans to customers concentrated in Northern Italy and Tuscany, with a significant market share in terms of retail branches in Northern Italy;
- **solid business model:** the Group's business model entails the provision of a full range of banking products and financial services, which relies on the full ownership of highly specialised banks, such as Banca Akros and Banca Aletti, as well as significant holdings in leading product factories in asset management, consumer credit, bancassurance and e-money. In particular, the following transactions have been completed or are expected to be completed in the near future:
 - on 15 December 2023, the purchase of the 65% stake in the capital of Vera Vita and Vera Assicurazioni, with simultaneous resale of the latter stake – coupled with the stake of 65% in Banco BPM Assicurazioni S.p.A. (a company active in the non-life sector currently wholly owned by Banco BPM through Banco BPM Vita S.p.A.) – to Crédit Agricole Assurances S.A.; as a result of this transaction, Banco BPM will have internalised its entire life insurance business and activated a partnership in the non-life sector with a European leader in this business. For additional information, see “*Description of the Issuer and the Group – Recent Developments - Exercise of the call option versus Cattolica Assicurazioni on 65% of the capital of Vera Vita and Vera Assicurazioni*” and the press release dated 15 December 2023 entitled “*Closing of bancassurance deal*” which is incorporated by reference in this Supplement and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus;
 - by the end of the first quarter of 2024, the contribution of Banco BPM's e-money activities to the BCC Pay S.p.A. joint venture, with the payment of a mixed consideration in cash and in shares issued by the Pay Holding vehicle, which in turn controls the entire capital of BCC Pay S.p.A.; upon completion of the transaction, the joint venture will become the second largest Italian operator in the payments sector, of which Banco BPM will hold approximately 29%. For additional information, see the press release dated 14 July 2023 entitled “*Banco BPM – BCC Iccrea Group – FSI: Italy's second largest pole in the Payments business is born*” which is incorporated by reference in the First Supplement and, by virtue of the First Supplement, is incorporated by reference in, and forms part of, the Base Prospectus;
- **excellent track record:** over the past seven years, the Group achieved improvements in terms of efficiency, derisking, profitability and capital position. The excellent results achieved have made it possible to exceed the targets for 2023 and 2024 of the 2021-2024 Strategic Plan, one year ahead of schedule;
- **digital transformation:** the Group adopted a new service model that has enabled increasing operations via applications, which has surpassed physical operations in the branch, and an integration of ESG aspects.

2023-2026 Strategic Plan's objectives

Through the implementation of the 2023-2026 Strategic Plan, the Group has the objective to significantly increase shareholder remuneration by exploiting financial and industrial levers.

In particular, the higher cost of funding is expected to be partially offset by a “substitution effect” of new assets generating higher returns compared to the maturing stock, volume dynamics - with the stock of loans to customers returning to 2022 levels over the 2023-2026 Strategic Plan horizon – as well as by active balance sheet management (such as the increase in hedging on sight deposits accounted for in hedge accounting and the optimisation of the securities portfolio).

Over the 2023-2026 Strategic Plan horizon, the results are also expected to benefit from growth in commission income based on a greater commercial effectiveness achieved through the offer of value-added solutions for SME & Corporate customers, the acceleration in wealth management as well as the effects of the process of internalisation/partnership with the main product factories in terms of higher contribution of revenues generated by life insurance.

As far as cost dynamics are concerned, the continuation of the path of rationalisation of the distribution network and the simplification of the operating model will make it possible to offset the inflationary effect and enable the increase in investments to support growth; the workforce will be affected by 1,600 exits, including through a redundancy incentive plan to be activated in 2024, with new entry of 800 high-potential young people.

In addition, the 2023-2026 Strategic Plan includes deleveraging and derisking activities which will benefit the NPE ratio and the cost of risk, based on a further strengthening of lending strategies and workout capacity, the consolidation of the default prevention safeguards, as well as an improved recovery performance, to which State guarantees covering a major share of exposures in the portfolio to date are set to contribute in a positive way.

Pillars underpinning the 2023-2026 Strategic Plan

As detailed below, the 2023-2026 Strategic Plan rests on seven main pillars which will allow the Group to achieve its targets.

Pillar 1 – Broadening of Banco BPM's leadership in SMEs & Corporate Investment Banking while supporting green transition

Banco BPM's territorial footprint is characterised by a privileged positioning in the Italian regions with the greatest entrepreneurial propensity and that contribute significantly to the country's economic and industrial development. Banco BPM is recognised today by Italian companies as a partner of reference in their paths of business development.

Enhancing this strong starting point, as part of the 2023-2026 Strategic Plan, the Group aims to further consolidate its leadership in this customer segment, which is divided commercially into Corporate & Investment Banking (including larger-sized companies) and SMEs.

Operationally, a series of initiatives will be undertaken on:

1. Corporate and Investment Banking segment
 - Evolution of the service model for a better coverage of customers through dedicated key account managers, adoption of a segmentation based on potential and revision of the coverage model from an industrial perspective (e.g. focus on PNRR, PowerGen and Private Equity);
 - Scale up of high-potential offering areas with focus on full potential of Banca Akros (synergies in origination on the Group's client base and expansion of the offering) and in supply chain finance;
 - Expansion of leadership on existing customer base through originate to share solutions as growth enablers and digitisation initiatives in global transaction banking to achieve economies of scale and gain market share on high value-added business areas; and
 - Specific focus on growth in the Large segment, particularly in capital market and bond issuance services, leveraging also the investment grade status achieved by Banco BPM;
2. SME segment
 - On small-business customers, acceleration of the digitalisation and simplification path as enablers for the release of commercial time in the network and growth of value-added services: evolution of app and business site enabling a best-in-class experience in transactional services, activation of smart and digital

lending through “fully remote” processes on selected credit product offerings during 2024, development of the digital branch dedicated to small and medium-sized businesses; and

- On SME customers, further exploitation of synergies with the Corporate & Investment Banking structure (“CIB”) such as Structured Finance and Global Transaction Banking as well as with Banca Akros and Banca Aletti for solutions geared to meet the full range of financial needs at 360°; strengthening of specialised offering and model for agrobusiness and continuation of the territorial footprint optimization path with new openings of SME Business Centers on areas with higher growth potential.

Transversely to the two segments CIBs and SMEs, Banco BPM’s role as a partner for businesses in their development plans in support of a sustainable transition is expected to be accelerated and strengthened, with a set of solutions that will accompany them in the different stages in their development through the creation of an ESG factory focused on:

- ESG training: solutions and initiatives for the development of new skills, in synergy with BBPM Academy, carrying out more than 3,000 hours of ESG training for businesses in the three-year period 2024-2026;
- ESG advisory: identification of ESG development priorities, creation of a partnership ecosystem with leading ESG solution providers, and completion of the roll-out of a diagnostic ESG tool to be integrated as part of lending processes; and
- ESG offering: suite of products and solutions aligned with the EU Taxonomy in order to finance specific initiatives to support a concrete sustainable transition; the new green financings to businesses and the new financings in support of green or low-risk transition sectors will average more than €10bn per year (vs. approximately €8bn annualised in the nine-month period of 2023); development of the decarbonization strategy of asset portfolio under the Net Zero Banking Alliance, with target setting on priority sectors by the third quarter 2024, roll-out to the totality of identified sectors by 2026 and adherence to the Science Based Target initiative by the first quarter of 2024.

Pillar 2 – Reinforcing wealth management and life insurance

The 2023-2026 Strategic Plan envisages a continuation and strengthening of the path already undertaken to increase the market share on the segment of indirect customer funds and the share of asset management on total customer funding.

The main industrial actions behind the planned growth are: (i) net inflows in assets under management boosted by an expected context of decreasing interest rates and, within such dynamic, (ii) extra-growth in the life insurance business, due to internalization and refocusing in the segment.

Operationally, a series of initiatives shall be activated to enable the achievement of the following results:

- Affluent segment: introduction of a differentiated approach by target customers based on a new dynamic and behavioural segmentation – with the goal to assign about customers with high-growth potential to expert relationship managers – enabling tools for off-branch offering and completion of tools for remote offering to better serve all customer segments; and
- Private Segment: development of an offering dedicated to entrepreneurial families and high net worth individuals; revenue internalization programme through SICAVs and remunerated advisory on assets under administration.

Cross-segment initiatives, enabling and qualifying the actions in the Plan will be: development of a new evolved dispositive and advisory platform of the group, integration of the same also with the insurance offer (protection), integration with the group CRM and with AI solutions to enable the offer of solutions to meet customers’ needs; strengthening of the ESG offer both in the advisory component and as generation of products to implement the offer catalogue.

Pillar 3 – Capturing value from recent deals in P&C insurance and Payments business

The 2023-2026 Strategic Plan envisages the maximization of the value generated by strategic partnerships.

The planned growth in commissions from the payments business is largely driven by expected growth at the

market level and to a minor extent by managerial initiatives enhancing the capacity of the new Partner “Payco/BCC Pay”. This new agreement shall come into full effect following the closing expected in the first quarter of 2024 and shall support further cross-selling and up-selling developments through joint marketing actions (also dedicated to specific customer clusters – e.g. corporate/customers with high transaction levels).

Growth in distribution fees in the bancassurance P&C business – which will leverage synergies from the activation of the new partnership with Crédit Agricole Assurance, Europe’s leading bancassurer, whose completion was announced on 15 December 2023 – derives from an expected recovery in “Credit Protection”, in line with new credit disbursement targets, and in the “Non-Credit protection” P&C market. Managerial initiatives will be undertaken with a view to close the product penetration gap with respect to the benchmark on the customer base, including: the development of tools for customer insurance “check-up” and insurance gap assessment; the integration of the insurance offer into commercial routines and the new wealth management platform; and the development of new evolved products due to the skills of the new partner. Finally, distribution capacity will be maximised due to the recently reinforced network of Bancassurance Specialists with a dedicated sales branch.

Pillar 4 – Benefiting from further omnichannel reinforcement

As part of the omnichannel initiatives, the Bank, building on the solid initiatives already undertaken in recent years, intends to pursue:

- a programme to accelerate digital sales and customer activation, which will rely on the completion of the new marketing automation platform, enhanced digital marketing activities, and further development of the product catalogue that can be purchased online;
- further evolution of advisory in an omnichannel logic by expanding the possibilities of offering advisory services also 'out-of-office', integrating the wealth management platform into the advanced CRM tool and upgrading the branch front-end;
- the transformation of the network, which includes a further reduction in branches and cash counter locations, also leveraging on the acquisition of new evolved ATMs, the launch of a programme to digitalise the customer experience in the branch and the dimensional growth of the digital branch, born from the evolution of the Customer Center which, thanks to the optimization/digitization of customer service activities, will be increasingly focused on the development of commercial activities integrated in marketing activities.

Further support for digital/omnichannel transformation initiatives are expected to be obtained by the implementation of AI/generative AI solutions with specific “use cases” including the personalization and optimisation of the marketing content funnel, the elaboration of co-piloting solutions in the financial advisory area, and the development of an in/outbound flow optimizer for the digital branch.

A new signature initiative of the 2023-2026 Strategic Plan is the activation of a programme aimed at the acquisition of new retail customers, which will be based on both a refocusing of the commercial network and a re-boost of WeBank as the prevailing acquisition engine for digital customers. The relaunch of Webank will also be linked to the introduction of remote financial advice through the digital branch and the reactivation of selective deposit remuneration offers.

Pillar 5 – Enhancing tech innovation, lean banking and cybersecurity

The 2023-2026 Strategic Plan aims to accelerate the innovation process through an increase in IT investments over the next three years with a focus on high value-added initiatives aimed at ensuring full digitisation of the offering to customers, improved service quality and high operational efficiency by promoting a cost-excellence culture internally. The goal also is to free up resources previously allocated to support the Bank’s ordinary operations in favour of investments aimed at fostering its transformation.

Through these investments, the 2023-2026 Strategic Plan will implement a major evolution of the Group’s IT infrastructure through several transformative initiatives in the following areas:

- Technology: relying on an already digital, state-of-the-art front-end customer interface, the Group aims to make the “back-end” more agile, performant and scalable, also through the migration of significant workloads of the information system to the cloud, and accelerate innovation in our processes;

- **Security:** over the next three years (2024-2026), significant investments will be made in cybersecurity in order to further strengthen the Group's security and business continuity safeguards and to ensure its resilience;
- **Artificial Intelligence:** the Group aims to transform the way it does banking by boosting innovation through Advance Analytics, Machine Learning & Generative AI solutions supporting new revenue generation (e.g. AI data-driven advisory), cost containment (digitisation of operations, simplification of knowledge management) and credit and risk management (e.g. smart/fast lending): over the next three years, for this purpose around 30 use cases of Artificial Intelligence (of which 30% with generative AI) will be realised to support business objectives and operational machine efficiency;
- **Key competence strengthening:** the digital transformation and strengthening of the Group's delivery machine will be accompanied by the reinforcement and internalization of distinctive competencies.

In terms of costs and operations, the aim of the 2023-2026 Strategic Plan is to generate savings on operations acting on:

- optimization of ICT spending (e.g. vendor/contract optimization, architecture and hardware upgrades);
- streamlining of operations through automation, review and simplification of processes;
- disposal of the current non-instrumental real estate assets;
- further spending optimisation actions on the remaining cost categories (introduction of zero-based budgeting processes, organisational de-layering initiatives and other cost containment actions).

A further step towards reducing the environmental impacts of the Group's operating model is also planned. Specifically, a decrease in consumption is planned from 2022 to 2026, confirming the achievement of carbon neutrality (scope 1 & 2) by 2024.

Pillar 6 – Further strengthening the Group's balance sheet

- **Credit and Asset Quality:** Banco BPM has completed an important de-risking path since 2016. In the horizon of the 2023-2026 Strategic Plan Banco BPM aims to continue the path of alignment with the main market peers in terms of NPE ratio and cost of risk. A series of initiatives will be triggered to enable the achievement of these results and ensure an increasing focus on preventing new flows to default, including: an increasing specialisation of credit policies with a growing focus on transition issues towards a green economy, activation of smart and digital lending processes for lower-complexity customers, with the aim of freeing up internal management capacity to be dedicated to higher-complexity customers; further specialisation of the team and strategies for managing high-risk positions; evolution of the operational credit management platform; and completion of the active NPE management process.
- **Liquidity and funding strategy:** Banco BPM's strategy will evolve over the three-year period 2023-2026 in line with the renewed reference context both in terms of funding strategies and optimisation of the securities portfolio. The funding strategy envisages new securities issues through a diversified funding mix, a positive net position towards the European Central Bank and enhancing investment grade status, from which Banco BPM will benefit in terms of lower cost of funding. Banco BPM will also consolidate its leadership role as an issuer of green, social and sustainable bonds through a new ESG issuance framework fully aligned with the EU taxonomy;
- **Capital:** capital will be maintained at very solid levels and with ample buffers against regulatory capital requirements, thanks to strong organic capital generation from expected economic results and the implementation of capital management actions, where the confirmation of the use of the synthetic securitisation tool, combined with the adoption of a business approach attentive to risk weighted assets absorption, is particularly noteworthy; this will make it possible to meet commitments to increase shareholder remuneration, support business growth and cope with the effects of regulatory headwinds, including a prudential estimate of Basel III.

In particular, at the end of 2023 the Bank expects to reach and maintain a CET1 ratio substantially in line with the level recorded as of 30 September 2023; this evolution takes into account (i) the planned increase in shareholder's remuneration; (ii) the impact of the full transposition of the EBA guidelines (expected to account for approximately -160bps already starting from Q4 2023, following completion of the

process started with the application submitted to the ECB in 2021 (see “*Inspection activities and proceedings conducted by the ECB, Bank of Italy and CONSOB on Banco BPM S.p.A.*”) and (iii) the possibility, in application of the so-called "Danish Compromise" (as per the authorisation issued by the ECB on 3 November 2023), not to deduct insurance participations from capital, which - based on the overall structure that will be assumed from the end of 2023 by the insurance compartment within the Banco BPM financial conglomerate – is expected to result in a positive overall effect of approximately +140bps as of the end of 2023.

Pillar 7 – Empowering people and the community in line with the Group's social vocation

The 2023-2026 Strategic Plan will focus on change management initiatives, women empowerment and customised professional development paths, fostering inter-generational exchange and generational turnover through sustainable and inclusive styles leveraging various initiatives:

- hiring approximately 800 young people to ensure generational turnover, of which about 200 Tech and IT specialists (e.g. data scientists, cloud and cybersecurity specialists);
- the creation of an academy to generate value in professional growth paths and to implement reskilling initiatives;
- customised growth programmes, with a focus on managerial development;
- introduction of smart working for network sales figures;
- implementation of new internal communication tools to increase their effectiveness;
- development of initiatives to foster the spread of a culture of respect and inclusion.

As part of the initiatives to support the community, the Horizon project will continue to develop on:

- Schools Project: renewal of the project launched by the Group in 2018 to address the need for concrete means for public schools. In the three-year period 2024-2026, more than 100 social initiatives will be launched on average per year to concretely help local communities, schools and students;
- Financial education and ESG awareness: Banco BPM, also in collaboration with institutional partners, will carry out a series of initiatives to promote an economic and financial culture. Over the three-year period 2024-2026, more than 4,000 hours of training will be provided on financial education and ESG awareness;
- Corporate volunteering: the goal is to carry out more than 2,000 hours on average per year of corporate volunteering over the next three years;
- Sponsorships and donations: dedicated support to social issues for local community projects, voluntary associations and non-profit organizations. A response to the real needs of the territory, confirming the Bank's role as a value creator. At national level, from 2019, Banco BPM is an Institutional Partner of AIRC to support research against cancer;
- Disbursements to third-sector enterprises.

Strategic sustainability ambitions

The 2023-2026 Strategic Plan includes also the following strategic sustainability ambitions:

- support the Group's customers in their transition path through consultancy and commercial offerings, consistent with the adherence to the Net Zero Banking Alliance;
- strengthen climate and environmental risk management and monitoring;
- continue to reduce the Group's environmental impact;
- further improve the Group's strategy for people, generational change and women empowerment;
- strengthen the Group's leadership position as a third-sector lending bank;

- confirm the Group’s position as a top “Community Bank” with a strong impact on local communities (with a focus on schools and education);
- continue to maintain the alignment of the short- and long-term incentive plans for managers and employees with ESG objectives;
- support the Group’s digital transformation with robust privacy and cybersecurity management.

BUSINESS OVERVIEW

Activities of the Group

With a view to improving how the Group's profitability is represented, the Segment Reporting structure was revised, effective from 31 December 2022, to emphasise the process of internalising the bancassurance business, undertaken by the Group during the current year. In addition, the "Leases" segment, now a residual activity in terms of the Group's operations, was transferred to the Corporate Centre.

Therefore, the Group's core activities can be divided into the following business segments: (i) Retail; (ii) Corporate; (iii) Institutional; (iv) Private; (v) Investment Banking; (vi) Insurance; (vii) Strategic Partnerships; and (viii) Corporate Centre.

The table below sets forth the main financial results for each business lines for the years ended 31 December 2022 and 2021.

	Group	Retail	Corporate	Institutional	Private	Investment Banking	Insurance	Strategic Partnerships	Corporate Centre
Operating Income									
2022	4,705,517	2,624,438	734,571	147,674	100,844	120,986	38,297	148,260	790,447
2021 (*)	4,510,746	2,519,920	739,875	96,810	98,047	111,794	17,969	207,101	719,230
Operating expenses									
2022	(2,539,369)	(1,872,511)	(215,750)	(45,604)	(75,919)	(90,438)	(15,559)	(2,400)	(221,188)
2021 (*)	(2,515,775)	(1,901,966)	(199,363)	(41,907)	(75,285)	(91,922)	(212)	(2,434)	(202,686)
Profit (loss) from operations									
2022	2,166,148	751,927	518,821	102,070	24,925	30,548	22,738	145,860	569,259
2021 (*)	1,994,971	617,954	540,512	54,903	22,762	19,872	17,757	204,667	516,544
Profit (loss) for the year									
2022	702,589	65,789	195,347	53,127	10,108	18,725	16,835	147,289	195,369
2021 (*)	569,068	12,876	87,212	21,982	11,595	10,654	18,273	187,839	218,637
Net loans (including senior securities from sales of non-performing loans)									
2022	109,454,960	63,164,637	31,092,530	6,704,832	542,448	1,773,022	-	-	6,177,491
2021 (*)	109,383,382	61,518,164	30,040,220	6,364,241	428,992	1,963,699	-	-	9,068,066
Direct funding (without repurchase agreements with certificates)									
2022	123,449,508	86,389,032	7,516,615	11,047,043	2,871,378	2,858,602	-	-	12,766,837
2021 (*)	123,168,045	84,262,888	10,223,578	10,966,219	2,948,662	2,663,969	-	-	12,102,729

(*) Keeping the total of the item unchanged, the figures relating to the previous year were restated to guarantee a like-for-like comparison with the segmentation criteria used for 2022.

A description of the individual business segments is given below, providing a more detailed analysis of the main activities conducted, both commercial and otherwise, divided in a manner that is in line with the internal organisation of the business segment in question.

Retail

The "Retail" segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers and small businesses.

These activities are mainly carried out by the commercial network of the Banco BPM Group (the "**Commercial Network**").

Commercial Network

The Commercial Network represents the cornerstone of the development of the Group's commercial activities throughout Italy and is the backbone of its organisational structure. It is centred on the network division, which ensures a balanced coverage at a national level and is instrumental to the development of a product and service offering in line with customers' needs in the different markets where the banks of the Group operate.

The commercial network model is inspired by the principles of:

- customer centrality and high levels of service, through a specialized offering and a greater focus on commercial structures;
- territorial proximity, through the configuration of territorial departments dedicated to specific reference territories, to which several areas report, which in turn guarantee support and coordination in favour of the branches (divided into Hubs, Coordinated Independent, Spoke and Independent);

- quick decision-making processes and proactively meeting customer needs.

Distribution Network

As of 31 December 2022, the Banco BPM Group had 1,504 branches. The Group's network is distributed throughout Italy, with a leading position in the northern part of the country, where the majority of the distribution network is concentrated. The branches are mainly located in the following regions: Lombardy, Veneto, Liguria, Piedmont and Emilia-Romagna.

Branches

Branches	Actual 2022
Banco BPM	1,451
Banca Aletti	52
Banca Akros	1
Total	1,504

The distribution network of the Group is expected to evolve in line with the following three key principles: (i) rationalisation of the branch network; (ii) specialisation of the “value proposition” and increased penetration of digital distribution channels; and (iii) development of new “physical” service models that are more flexible and more appropriate to meet client needs.

The branch network underwent a significant rationalisation programme in line with the revised customer acquisition strategies of the Banco BPM Group. In fact, in 2021 the reorganisation and streamlining plan on the commercial network was completed, with the closure of around 300 small branches. In addition, following the uptrend in the use of digital channels by customers, in line with the forecasts of the Business Plan, the closure of 75 branches of the commercial network, with a proportionally larger transactional component, was approved, and will take place within the first half of 2023, with a view to strengthening the more structured branches to offer advisory services, and with a full range of products. The organisational model of the network is expected to remain the same in terms of format (traditional, hub and spoke) but the average size of branches will increase in order to achieve greater efficiency, resource specialisation and the availability of professionals covering different areas.

The evolution of the Banco BPM Group's distribution model is being supported by investment in digital distribution channels, in line with a customer's features, needs and propensity and also through the positioning of the Webank brand, continuing the migration of cash transactions to electronic cash and providing new distance-based consultancy services. Particular focus is placed on the availability of distance-selling of the products and services of the Banco BPM Group. Banco BPM is implementing an omni-channel service model with a focus on sustainability and efficiency.

Finally, the distribution model envisages the creation and/or strengthening of mobile “physical” channels intended to bring the bank closer to its clients. Various new forms of mobile services are envisaged including, amongst others: (i) distance-selling, based on distance communication tools and techniques to facilitate the relationship between client and relationship managers in different locations and requiring a large number of client relationship managers to be authorised to operate outside the branches and to provide consulting services at the client's home; (ii) teams of private bankers to develop new and existing wealth advisory competencies; (iii) business product specialists throughout the network supporting the relationship managers; (iv) business developers dedicated to acquiring new business customers, particularly in geographical areas where the Banco BPM Group is less well-established; and (v) financial promoters in Banca Aletti.

Private Customers

“Private” customers comprises all private individuals, natural persons with private assets of less than Euro 1 million, which are broken down into “Personal” and “Universal” customers: “Personal” customers are those with assets (deposits) of between Euro 50,000 and Euro 1 million, while “Universal” customers are those with personal assets of less than Euro 50,000.

Products, Services and loans for private Retail Customers

Current accounts

During 2022, Banco BPM renewed the range of current accounts offered to the consumer target through the marketing of the new Webank account. Again with the aim of improving the user experience, speeding up the account-opening process, the remote customer identification through SPID (Public Digital Identity System) function was released in August. These initiatives are in line with the market trend that envisages paperless onboarding processes and are part of the initiatives of the .DOT programme.

Starting from May 2022, a promotion on the Webank account fee was launched: this was a particularly competitive proposal, one of the best on the market, thanks to the specific characteristics of the offer and the promotion on the fee. The initiative made a significant contribution to acquiring new consumer customers. In October 2022, a promotion was also launched on the You account, targeting consumers who subscribe to the account through the digital onboarding process, available on the Bank's commercial website. The initiative is a commercial acquisition opportunity and seeks to increase the customer base. At the same time, the new online recognition method through SPID was also released for the online opening of the single account-holder You account.

Another offer that updated the product catalogue was the marketing of the new 4YOU account from June. The offer is reserved to private customers with an employment contract with companies, entities, large associations affiliated with Banco BPM. This activity is part of the process of streamlining the product catalogue. Other initiatives included the marketing at the beginning of the year of an account to support subsidised loans under the NRRP - National Recovery and Resilience Plan, as well as updates on ordinary consumer and non-consumer current accounts, and on the account reserved to condominiums.

New Public Websites

The development and management of the contents of the www.bancobpm.it website continued, with a particular focus on topics related to financial education, enhanced with more than 100 articles. The usage figures for the public websites (www.bancobpm.it and www.gruppo.bancobpm.it) recorded an increase in visitors of 40% compared to last year. At the end of the year, the overhaul of the mortgage simulator was completed and the application was created and released that allows an appointment to be made directly at the local branch from the public websites.

As regards Banca Akros, in 2022, the public website saw the release of a new search and profiling engine for the "Certificates" section, which allows investors to quickly and intuitively consult products of interest.

Transfer of tax credit originating from building bonus schemes - private customers

In 2022, the Bank continued to purchase tax credits resulting from work to improve the energy efficiency of buildings or other subsidised building work carried out by private customers as part of the agreements entered into with Cherry Bank S.p.A.. During 2022, the applications submitted were worth around Euro 195 million in terms of credit value (of which 68% Superbonus loans and 32% other tax bonuses).

Omnichannel services

In 2022, activities related to the development of the new omnichannel and full digital service model continued. Access to the online service through the "Signature Room", already available on the web, was extended to the app; in addition to the provision of enabling tools ("Digital Identity" and "Signature Room"), efforts focused on the progressive enrichment of the catalogue of products and services available in SELF mode and Online (e.g. Nexi Card, Prepaid Card, Agos Loans, MP5 Policy).

During the year, the new remote identification method was introduced through SPID: since the introduction of SPID, as many as 64% of the You accounts opened refer to customers recognised with this method and more than two out of three Webank accounts are opened in this way.

ATM

At the end of 2022, all Banco BPM ATMs were enabled for PagoPA payments (the payment system for public administrations and public service providers in Italy), addressing the need to create value in terms of profitability, efficiency of the ATM channel and customer service.

Token

Also in 2022, the transfer of expiring physical tokens to software tokens continued, in order to reduce the environmental impact and enhance the user experience, reaching a conversion rate of more than 80% of the customers involved in the campaign.

Accessibility

In 2022, the Accessibility project was launched to meet the need to comply with the new legislation of Law Decree 76/2020, which extended the provisions of Law no. 4 of 09/01/2004 (Stanca Law). The need to "provide services and provide usable information, without discrimination, even by those who, due to disabilities, require assistive technologies or special configurations" applies to private parties that offer services to the public, through websites or mobile applications. The process launched by Banco BPM envisaged an initial phase of checks on the accessibility of priority digital assets and is continuing with work to adapt and create new projects to comply with the guidelines dictated by the regulations.

Mobile banking developments and investments: private customers

Banco BPM has made the new Personal Financial Manager (PFM) and Insight Platform services available to all private customers subscribed to the online channel with access to the YouApp or Webank App. This initiative is part of Banco BPM's new digital offering and allows private customers to optimise their financial management, through the introduction of new functions that allow them to set spending and savings targets, plan recurring transactions and analyse their expenses broken down by category and brand. The PFM allows Banco BPM to send personalised suggestions to users on different categories of movements: products, expenses, list of transactions and recurring transactions, customised according to the customer's spending behaviour.

The online channel was enhanced by two important e-money releases: Nexi credit cards, available for online sales from May 2022 for the branch network and from June 2022 for the Digital Branch, and at the end of the year, the Debit Business product, Banco BPM's corporate debit card. The "self-service" channel also saw an expansion of the range of products that can be purchased online: in particular, in the second half of the year, Nexi credit card sale functions were released on both the Banco BPM and Webank platforms. The sale of Banco BPM's Prepaid card was also extended to both platforms. In line with the development of the digital service model defined in the Business Plan, in 2023, the online and self-service channel will be progressively extended, offering an increasingly higher number of products and services.

As regards the online trading sector, despite the complex geopolitical and economic scenario in 2022, online trading and investments recorded over 3.2 million transactions during the year, up 2% compared to the previous year. The overall result is due to the steady growth of transactions in derivative instruments by Webank customers (+47% yoy) compared to a reduction of -15% on the cash component, in line with that recorded by the main global stock markets for this type of instrument. The growing trend of Webank transactions was also made possible by the successful completion, in June 2022, of the migration of the order routing service on derivative markets from Banca Intesa to Banca Akros. App transactions continued to grow: in 2022, more than one customer out of two used this tool to manage stock market transactions, while transactions on mobile channels accounted for more than 20% of total orders. With the aim of recovering and supporting cash market transactions, a number of initiatives have been launched, the first positive results of which are expected in 2023. These include the use of new providers for time series and technical analysis tools and the expansion of functions linked to the securities alert system.

With regard to business customers, the main projects undertaken in 2022 are illustrated below:

- development of the YouBusiness app: the new functions implemented were identified on the basis of the main needs expressed by customers. Therefore, the following new services were released: payment of bills by QR code, car tax, bank receipts, telephone top-ups, creation of the "Online documents" section and of the token app, thus optimising the customer "user experience", reducing operating costs and helping to improve the Bank's ESG rate. Over the next few months, the App will be enriched with new functions to offer additional mobile operations, accelerating the use of the channel by customers from a mobile first approach, expanding the availability of products and services on digital channels;
- improvement of the YouBusinessWeb platform: at the end of 2022, the BFM (Business Financial Management) service was released, which enables customers to access important new functions such as the categorisation of transactions, the automatic reconciliation of invoices, the management of recurrent transactions and of the budget allocated to company projects also through simulations (via graphs) forecasting future income and expenditure. Through the BFM service, businesses, particularly small ones, can manage company cash flows independently.

Customer Support and Development (CSD)

In line with the objectives of the 2021/2024 Business Plan, efforts to support cross-selling in the various business areas were significantly boosted and 62 new resources were added to the unit, which led to the exponential growth of the proactive contacts managed.

In 2022, collaboration with the Network channel focused mainly on the following areas:

- the online offer, through the digital branch, of products relating to Nexi credit cards, Agos loans and multi-risk policies of Banco BPM Assicurazioni, working alongside the branch manager in customer relations, with a view to continuously boosting cross-selling and internal skills, by activating a new sales channel;
- proactive contact with private customers and potential customers in the business world. In 2022, the percentage of Retail and Private customers contacted by the unit for commercial and caring purposes exceeded 14%, over double the figure recorded in 2021;
- enhancing the use of digital identity;
- management of the customer assistance service and customer relations as regards the Super Bonus.

Within the scope of providing customer support, this was actively managed both through traditional telephone channels (toll-free numbers with operator and Interactive Voice Response - IVR, call-back service available in the App and website for a customer bracket) and written channels (email messages) as well as through a virtual assistant (web and mobile) and social media channels; the main areas of operations, in addition to the Superbonus 110, were as follows, in continuity with 2021:

- assistance and navigation support to customers using home banking services, both for private Banco BPM customers and WeBank digital customers and companies using remote banking services (YouBusinessWeb);
- management of telephone banking services (direct banking and trading operations) both for private Banco BPM customers and WeBank digital customers;
- customer support during the before- and after-sales steps of the Webank online service, for all the products and services offered, in partnership with the virtual branch (representing the only communication channel between the Bank and the customer);
- support to private WeBank and Banco BPM customers on topics relating to cards.

Operator assistance activities, in terms of quantity, decreased in line with the objectives of the Business Plan, also thanks to inbound optimisation initiatives linked to prevention and the automation of contacts developed as part of the .DOT programme. Customer requests for self-service assistance increased, mainly due to the growth of the Virtual Assistant channel, which also saw the implementation of new customised functions and integration with the voice commands of the APP.

E-Money - Payment cards

In 2022, the process of digitalisation of Banco BPM e-money products continued. The introduction of digital identity and the signature room facilitated the preparation of new processes for the sale of Banco BPM products, also online, both through the online channel handled by the branch manager or the digital branch, and through the self-service channel, which allows customers to be completely independent in the purchase of a product online, from the selection of the product to the signing of contracts up to the receipt of the same at their home. From the second half of 2022, the network of Banco BPM branches and the digital branch have been able to offer Nexi credit cards for sale online.

To facilitate the signing of documentation, the “signature train” function was also introduced for the sale of Nexi credit cards: thanks to this option, the sale process is quick and simple. The online offer of a product addressed to business customers was developed: the Debit Business card.

The self-service channel also saw an expansion of e-money products that can be subscribed directly online. In particular, as of this year, customers subscribed to the Bank’s online services can purchase both the Nexi credit card and the Prepaid card independently and with a “full digital” process. These products can be purchased by Banco BPM and Webank customers both through dedicated Apps and online by accessing Internet banking. In 2023, new products are expected to be released on online channels (e.g. debit cards), in line with Banco BPM’s

omnichannel development process and with a view to completing the range of products that can be subscribed for online.

Over the course of 2022, Banco BPM continued along the path of Digital Innovation, digitalising the Individual Cartimpronta Credit Card and making Apple Pay available for all types of payment cards addressed to consumer customers.

Also in 2022, customers showed significant interest in digital tools and the use of mobile payments, with an increase from 21,000 digitalised cards in 2021 to 196,000 cards in 2022, and with mobile wallet spending rising from a value of 11 million in 2021 to 186 million in 2022. The activation of Apple Pay was fundamental to this growth: in 2022, 67% of Banco BPM's digitalised cards were used through this wallet. In 2023, Banco BPM will continue along the path of digital innovation, extending the authorisation to the main OTTs (Apple and Google) for payment cards on the national circuit (currently only possible with Samsung Pay) and will enable company cards licensed by the Bank on all the main mobile wallets.

Private mortgage loans

In 2022, despite the increase in interest rates in the second part of the year, disbursements of mortgage loans to individuals were slightly below the result obtained in the previous year, which closed with a significant growth in volumes.

The commercial offer of mortgage loans to individuals in 2022 confirmed Banco BPM as one of the key players in the domestic competitive arena. To further expand the offer reserved to its customers, Banco BPM has included the "Mutuo Promo a tasso variabile con Cap Green" (Promo Mortgage loan with a variable interest rate and Green Cap), characterised by the presence of a maximum rate (CAP), in the catalogue of mortgage loans to private customers. The new product has an interest rate that changes on the basis of the performance of the benchmark without, however, ever exceeding the contractually established threshold. Of the products offered, we draw attention to the considerable attention and appreciation by young customers of the "Mutuo You Giovani" (You Mortgage Loan for Young People), assisted by the presence of the Fondo Garanzia Prima Casa CONSAP.

In 2022, the Bank promptly implemented all legal incentives to support households and businesses affected by natural disasters; in addition, internal moratorium activities continued in favour of households that found themselves in temporary difficulty: in 2022, 645 suspensions were granted to private customers for a total of 5,731 suspended instalments corresponding to approximately 4.5 million in suspended capital.

Consumer credit

In 2022, new personal loans disbursed reached a value of 1,233 million, up 27% compared to the previous year. Almost all of the personal loans were disbursed by Agos Ducato, a consumer credit company, whose products are distributed exclusively by Banco BPM; in the latter part of the year, new loans were also sustained by the online offer of Agos Personal Loans. During 2022, Banco BPM continued to pursue its objective of making a concrete contribution to increasing the green awareness of its current account holders by reserving a special offer to the same: the "Green" offer by Agos, through which approximately 3,000 Banco BPM account holders were able to finance eco-sustainable expenditure, both in the field of green transport and energy upgrading. Lastly, to show that it understands the needs of households, in 2022, Banco BPM sponsored schemes relating to Agos personal loans, thanks to which the customers interested were able to benefit from advantageous conditions.

Advances on severance pay for employees of the Public Administration

Banco BPM continues to focus on the issue of advances on severance pay for Public Administration employees: in fact, the agreements signed with the country's leading professional Institutions and Associations have been confirmed and further agreements are under negotiation. In total, 1,480 advances were granted in 2022 for a total of 156 million in credit facilities granted with drawdowns of 133 million. The total stock of advances amounted to 4,610 transactions with drawdowns of 345 million.

Investment products

In 2022, funding volumes on assets under management were mainly concentrated on flexible and bond products characterised by asset diversification and partnerships with the most prestigious investment houses continued: Anima SGR continues to be one of the main partners of the Group; particular attention was paid to ESG criteria in the selection and distribution of products in line with the provisions of Article 8 of the EU Sustainability and Finance Regulation. The asset management product catalogue was expanded with the proposal of dedicated

flexible thematic funds, including Anima funds: Investimento Cyber Security & Big Data 2027, Investimento Smart City 2027, Investimento Smart Industry 2027, Investimento Globale & Infrastrutture 2027, Investimento Globale & Lusso 2027, Investimento Globale & Longevity 2028. These funds allowed customers to diversify their portfolios by investing in the sector linked to the relative issues and to have the opportunity of receiving an annual coupon flow. The catalogue also included new Flexible Bond funds.

In 2022, the Group continued to distribute insurance products through its joint ventures with Vera Vita, Vera Financial and Banco BPM Vita S.p.A. In this regard, customers showed a preference for Multi-segment products, which enable them to combine savings protection solutions with solutions able to take the best yield opportunities offered by the markets. As part of insurance investment products, unit-linked policies and ESG-oriented policies were also offered. With regard to Supplementary Pensions, the Group has constantly promoted the awareness and dissemination of dedicated products. Lastly, the Group continued to issue certificates and, keeping in line with customer preferences, the products maintained a financial structure that protects capital (Equity Protection).

Bancassurance Protection

In 2022, with the aim of pursuing a multi-channel offering also for non-life policies, the Bank further increased its distribution channels. The online offer of Banco BPM Assicurazioni's Home policy, available in 2021 only for branches, has also been offered since November 2022 through the digital branch. In addition, since December 2023, the estimates saved online by the branches (network or digital) can be purchased through YouApp. Since September 2022, the Home Risk policies of Banco BPM Assicurazioni and the fire policies of Vera Assicurazioni have also been available in combination with the mortgage loan offer. Since June 2022, the Multiprotection Business policy of Banco BPM Assicurazioni has been in the catalogue for small economic operators and small business customers.

Listening to customers

Also in 2022, great importance was given to listening to customers and monitoring experience levels, activities aimed at improving the service provided. In 2022, the relational Customer Experience, or Customer Satisfaction survey was conducted, involving over 210 thousand retail customers, Private customers and SMEs, of which 20% provided feedback via web questionnaire and the remaining 80% by means of a telephone interview. Satisfaction is measured using TRI*M, a numeric score ranging from 0 to 100 provided by the assessments that customers provide regarding overall satisfaction, level of recommendation, likelihood of repurchase and economic convenience of Banco BPM. Another indicator used to measure satisfaction is the Net Promoter Score (NPS), which monitors how likely a Customer is to recommend Banco BPM. The Customer Satisfaction surveys also investigate satisfaction with the products, reputation, branch services, web channels and any problems encountered. In 2022, all of the satisfaction indicators measured recorded an improvement over the previous year. Banco BPM's TRI*M index is 71 (+3 points compared to 2021), while the NPS index is 24 (+1 compared to 2021). To monitor the quality of services provided, over 2,000 visits were made to Group branches, using the "Mystery shopping" technique. The visits confirmed a good level of service at branches, with particular regard to the relational aspect.

In 2022, the process of developing the tools available to actively listen and oversee the customer experience as a whole made considerable progress. In fact, Banco BPM has further expanded the use of the Customer Feedback Management (CFM) platform, a tool able to easily manage the various surveys addressed to customers and collect instant feedback. Introduced in 2020, to date the CFM platform has collected approximately 310 thousand feedbacks (130 thousand at the end of November 2022), overseeing all levels of Customer Experience listening, from relational aspects to those concerning digital interactions and the purchase of products and services. The great potential offered by the CFM platform, combined with continuous internal communication activities and the involvement of most of the Bank's departments (Marketing and Sales in particular), have also made it possible to gradually spread a culture of continuous improvement also with a view to sustainable processes. In this regard, the front-lines (primarily Customer Centre and Commercial Network) were strengthened, to re-contact customers following negative feedback and for the proactive resolution of problems that have arisen. In addition, the availability of artificial intelligence tools, used to process high volumes of feedback, made it possible to organise inter-functional work groups with the aim of providing a solution to the requests made by customers. The areas of intervention mentioned above are part of the "Close the loop" initiatives launched by the Group.

Research

In 2022, to complement the customer experience monitoring, 13 customised research projects were conducted, with a view to addressing topics which, during the year, needed to be examined in more depth. More specifically,

numerous surveys were conducted on ESG topics to support Group departments, on brand perception and positioning, on the development of new products and services and on the improvement of existing ones. Research was also carried out for the collection of Voice of the Employee suggestions to fine-tune new online offer processes and to improve existing products and services and commercial initiatives. In 2022, as well as involving specific targets, these surveys also made use of the Customer Feedback Management (CFM) platform and the “Insquadra” (Inteam) Community Panel, which has represented another channel to encourage listening to customers since 2019, with the involvement of around 2,000 private customers and 500 business customers. Customers that participate in Banco BPM research activities contribute to the Group’s decision-making process, by providing ideas and sharing experiences and impressions. In addition to the above, whenever Business customers participate in a survey, they contribute to the donations made to the AIRC Foundation (Foundation for Cancer Research), therefore supporting the partnership between the Group and AIRC.

Corporate Customers

As at 31 December 2022, the Group had approximately 470 thousand corporate customers with a current account.

The distribution of customers (unique customers with current accounts) by turnover level confirms the significant concentration in the class of up to 25 million (approximately 99%) already recorded in previous years, attesting to the vocation of Banco BPM Group in its relations with medium-sized companies.

The distribution of Corporate customers includes a significant proportion of small and medium enterprises, for which the Group further strengthened its activities in 2022.

Specifically, business was developed with dedicated products and services, which are outlined below.

Collection and payment services

Significant growth trends were also confirmed for 2022 in the field of transactional services: in particular for transactions referring to payments through the “PagoPA” circuit and to payments by bank transfer in all its forms (especially if urgent and immediate). These results were also achieved through promotional training sessions regarding Webank customers. In particular, the campaign was limited to customers who had never made a fast payment, with a view to encouraging them to understand and appreciate this tool. During the year, Banco BPM guaranteed its contribution to the working group which, within the ABI and under the direction of the ECB, is analysing the possible adoption of the euro in digital format and the various implications of the same, from both an operational and regulatory perspective.

E-money - POS

The number of POS transactions with debit, credit and prepaid cards grew by 30% in 2022 compared to the previous year. In this regard, Banco BPM reached and exceeded the target of 140,000 POS terminals installed in commercial and service activities, Entities and the Public Administration. In 2022, the Innovative Digital Omnichannel Sales process led to the modernisation of the product catalogue with the launch of the new Mobile POS terminal model, intended primarily for small businesses and freelance professionals. During the year, the full development of targeted sales promotions was confirmed with recurring offers for the period and the profiling of vertical proposals by customer segment, also making the sales process more efficient and less costly. During the last quarter, a campaign was also launched to expand the acceptance of the American Express circuit with “small business” operators. Lastly, for the whole of 2022, in support of the widespread acceptance of low-value transactions, Banco BPM maintained zero commission on transactions with PagoBANCOMAT cards for amounts of less than 5 euro for all of its merchants, which has been in place since 1 January 2021.

Looking forward, again as regards Digital Omnichannel Sales projects, the analysis and development phases of the SMART POS range have been completed and the launch and release of the online offer channel for the entire POS product catalogue is now imminent in 2023.

Loans and lending

The lending products that comprise the various catalogues seek to meet their main and most frequent requirements: investment, working capital, liquidity, expansion, advances, cash flexibility, unsecured loans. Also in 2022, work continued to improve and update the types of loans, with a view to guaranteeing a catalogue of products that is always able to meet market needs and at the same time can be successfully distributed by the Commercial Network. 2022 was characterised by a boost in the development of products to support companies in the transition towards a sustainable economy as regards ESG. In this regard, lending products with a “Sustainability Objective”

were made available to customers, with a view to accommodating businesses that want to embark on a virtuous path towards sustainability, with less impact on the environment (Environmental), inclusion policies and supporting the local community (Social) and organisational enhancement (Governance). The new financing solution called “Unsecured Business Loan with Sustainability Objective” makes it possible to enhance the virtuous path undertaken in the ESG area by companies, whose added value is given by the possibility of connecting an ESG covenant to the loan, with a rewarding effect on the spread if the objectives agreed at the time the loan is stipulated are achieved. Activities also continued to pursue financial solutions to support SMEs in their energy transition and investments in renewable energy plants; with regard to these, the Bank offers dedicated funding solutions to companies that invest in RES plants (the acronym includes forms of energy whose exploitation does not imply an impoverishment of the original source) also in line with NRRP objectives.

Specifically, in addition to offering specialist support in the form of Specialised Lending and Project Finance, Banco BPM has defined an ad hoc methodology for the preliminary and finalisation phases of this type of loan, with the aim of improving the ability to analyse these interventions, envisaging the following steps:

- definition of the best solution in terms of financing based on the type of transaction set in place by the customer;
- technical analysis of the plant conducted by technicians that meet the professional standards established by the Bank and, where possible, the measurement of the CO2 emissions avoided;
- specific guarantees and safeguards to finance RES plants.

As part of the “Sustainable Investments 2020-2023” programme, an agreement was signed in 2022 with Cassa Depositi e Prestiti, called “CDP Investimenti Sostenibili”, aimed at creating and selling loans to be allocated within a specific ceiling of 300 million addressed to SMEs and Mid-Caps focused on energy efficiency, green financing and sustainable investments Banco BPM, as part of the product initiatives launched with the NRRP programme:

- joined the Ministry of Tourism, Italian Banking Association and CDP Convention related to the “Fondo Rotativo Imprese (FRI) to support businesses and investments in development (FRI Fund)”. The product consists of a medium/long-term co-financing with Bank and Cassa Depositi e Prestiti funding at a subsidised rate and the disbursement of a non-repayable plant grant on the resources allocated, with a mandate granted to it by CDP to assess the creditworthiness of the company;
- the agreement of the Ministry of Tourism for the management of financial resources within the scope of the NRRP was implemented, activating the Special Tourism Section of the SME Guarantee Fund to facilitate access to credit by hotels that are involved in agritourism. In particular, Banco BPM made the Unsecured Loan and the Mortgage Loan with SMEGF guarantee - Special Tourism Section available to its customers;
- has developed products and sales initiatives to support customers in the application and assignment phases of incentives through participation in tenders, also as regards measures for the digitalisation of the Public Administration, Agri-Solar Farms and Agri-Food Logistics. In addition, with regard to tax receivables, collaboration with Cherry Bank S.p.A. continued, confirming the offer of specific products to support the financial cycle of the renovation/energy efficiency work for residential buildings by private customers, condominiums and businesses, such as:
- Anticipo Superbonus Consumatori (Advance of Superbonus to Consumers) designed to provide financial coverage for the time between the start of works on site and their completion (at progress of work or overall) with the consequent monetisation of the tax credit transferred;
- unsecured loans to condominiums (Credito Condominio (Condominium Credit), Credito Condominio Energy Efficiency Italia (Condominium Credit Energy Efficiency Italy)), to fund building upgrade and energy efficiency costs, also for the part of the works paid for by using the consideration resulting from the transfer of said tax credit to Cherry Bank, alongside the existing opportunity to fund the cost of the works up to 100%, including VAT, net of the tax credit sold to the enterprise through discount on invoice;
- Anticipo Contratti Riqualificazione Edifici (Advances on Building Upgrade Contracts), addressed to businesses, to obtain financial coverage for the time between the start of works on site and their completion (at progress of work or overall) with the consequent monetisation of the tax credit transferred to the intermediary, the Bank’s commercial partner.

Smart Lending

In 2022, through the online channel, customers continued to be offered short-term loans to be paid in instalments to support business liquidity or to facilitate the payment of taxes/wages. An offer was activated that envisages the possibility of signing the transaction online by having customers sign loan agreements directly through their YouBusinessWeb workstation using the “signature room” function. With this offer, the digitalisation of the loan instalment application and granting process was completed, and can now be carried out entirely online.

Invoice Financing

To improve access to financial services by businesses, an activity plan is at an advanced stage, with a view to extending the type of receivables transactions that may be requested through the YouBusinessWeb channel. During the year, the release of new functions related to advances on Italian invoices without the transfer of receivables, to the management of the invoice schedule and the related advances, and to the request for an extension of a document and related advance was completed. The development of the project will continue with the release of the advance function for other types of products (advances on Italian contracts and subsidies on documents and invoices) through the digital channel, as well as the possibility for the customer to attach supporting documentation for the relative request.

Other activities to support and increase business loans

The Bank continued its commitment to measures to support businesses, both in the emergency period resulting from the Covid-19 pandemic, and especially afterwards, in compliance with the measures established to combat the effects of the conflict in Ukraine. The schemes implemented in 2022 in this regard mostly entailed arrangements required to promptly implement the support measures and subsidies dictated by a series of laws, such as Law Decrees and ABI Agreements. Specifically, the following activities were gradually updated and made available:

- loans secured by the Guarantee Fund for Small and Medium Enterprises (pursuant to the Liquidity Law Decree, as amended, 2022 Budget Law, Aid Law Decree, as amended);
- unsecured agricultural loans backed by the ISMEA 100% direct guarantee pursuant to Article 20 of Italian Law Decree no. 50 of 17 May 2022 (Aid Ter DL).

Agrifood

The traditional and consolidated focus on businesses in the agrifood sector continued successfully through the synergistic presence of Agricultural Sales Specialists in all Territorial Departments, to support the network in the phases of contact and visits to businesses in this sector. Activity in the primary sector in 2022 (still affected by Covid but above all by the Ukraine crisis) saw a considerable increase in the prices of raw materials (fertilisers, feed and fuel). To meet the liquidity needs of businesses in the segment, the Bank made loans with a 100% ISMEA guarantee (pursuant to Art. 20 of the Aid Law Decree). With regard to Rural Development Programmes (RDP), business opportunities continued to receive support from the “RDP we are with you 100%” initiative which, through a modular mix of products from the “Semina Catalogue”, is able to meet and sustain investment needs also in view of the CAP (Common Agricultural Policy) reform planned for 2023.

Lastly, based on the experience gained in relation to the Supply Chain and District Projects with CDP-MIPAAF funds (IV Tender), Banco BPM participated, again as the lender bank, in the V Tender, which entails the commitment of significant resources from the NRRP. Lastly, in 2022, in line with the Bank’s lending policies, the use and implementation of the credit assessment procedure for agricultural businesses to support applications was consolidated. These transactions, together with the presence of specialised professionals and the whole range of “Semina” lending products, make Banco BPM one of the Italian banks with the highest focus on the monitoring and development of the agrifood segment.

Subsidised Financing and Guarantee Bodies

In 2022, Banco BPM continued to disburse subsidised loans to businesses and households, with a view to facilitating access to credit and reducing its cost. These loans feature public guarantees (e.g. Guarantee Fund for SMEs, ISMEA Guarantee Funds, European Investment Fund-EIF, SACE, Guarantee Fund for the First Home, etc.), or are granted by the Bank using funds obtained at advantageous conditions (e.g. funds of the European Investment Bank or of the Cassa Depositi e Prestiti (state-controlled fund and deposit institution)).

During 2022, the most significant initiatives were as follows:

- loans to SMEs, to be allocated to the EIB “Synthetic Securitisation” ceiling, amounting to approximately 900 million, made available on the basis of the agreements with the EIB concluded at the end of 2021;
- use of the SACE guarantee lines to support SMEs and Mid-Caps for both liquidity and investment needs directed towards research and development and/or technological innovation;
- extension of the SMEGF guarantee to new short-term loans and unsecured loans, actually implementing a legislative provision already covered for some time by the Operating Provisions of the SMEGF and allowing a more extended use of risk mitigation tools, such as the direct SMEGF guarantee.

Guarantee instruments for enterprises

Considering the importance of guarantees in facilitating access to credit, the utmost impetus was given to guarantee operations, which are ancillary to the disbursement of credit, by subscribing/adhering to specific agreements and contracts with the managers and providers of guarantees. Banco BPM is also active in the main national subsidised guarantee instruments, including:

- Guarantee Fund for SMEs, specialised in protecting bank loans granted to support business financial needs;
- ISMEA (the Italian Institute for Services for the Agricultural Food Market), formerly the SGFA (the Italian Agricultural and Food Management Fund), dedicated to issuing direct or subsidiary guarantees, co-guarantees and counter-guarantees to agricultural companies;
- SACE, in the form of the “SACE Italy Guarantee”, “SACE Mid Cap Guarantee”, “SACE SupportItalia Guarantee” and “SACE Green Guarantee” (both under an arrangement with SACE and outside of the same), the latter to meet the parameters envisaged in the European Regulation and Taxonomy of “green” activities (Reg. EU no. 852/2020).

The above-mentioned guarantees benefit from the ultimate guarantee of the State, which allows the Bank to lower the production costs of lending and to apply special terms to the guaranteed loans. These interventions entailed compliance with the regulations issued on each occasion, starting with Law Decree no. 23 of 8 April 2020 (“**Liquidity DL**”) and subsequently the 2022 Budget Law as well as Law Decree no. 50 of 17 May 2022 (“**Aid DL**”), as amended. The collaboration with the Confidi continued with the final signature of the new version of the convention by all Guarantee Entities and Financial Intermediaries and with the addition of new Confidi (Confidi Sardegna and Confeserfidi), consolidating their support of local businesses. Dedicated loan products were also launched in accordance with the provisions of the “Ukraine Law Decree” in order to exploit the opportunity of the counter-guarantee issued by the Central Guarantee Fund. Lastly, the Bank also continued to work with various foundations, by virtue of agreements entered into over time, which regulate operations as regards measures to contrast usury with regard to the funds allocated by Italian Law 108/96 “Anti-Usury Law”, also to meet the liquidity needs of individuals with overt economic difficulties and problems accessing credit.

Other State subsidies for businesses

With regard to other schemes that benefit SMEs, Banco BPM also participates in different initiatives that envisage tax relief (interest rate subsidies or non-repayable grants/plant and equipment grants) dictated by various national and regional regulations, thus confirming its close deep-rooted relationship with the local communities served.

Partnership with the CBI

Starting from October, Banco BPM participated in an initiative led by the CBI consortium to set up a system database that allows real-time consultation of invoices and the percentage of advances already granted to applicant customers at other institutions. If these developments are successful, significant improvements will be made to customer risk profile analyses as regards advances on invoices and mitigating the risk of possible fraud.

Transfer of tax credit originating building bonus schemes - businesses and condominiums

In 2022, customers belonging to the businesses and condominiums segment again had the opportunity to transfer tax credit originating from work to improve the energy efficiency of buildings or other subsidised building work, in the same way as private segment customers. For the Retail channel, in relation to the two segments in question, the applications submitted in 2022 had a credit value of approximately 289 million.

Corporate

Banco BPM's Corporate function is the organisational structure that manages medium and large-sized corporate customers, through the centralised management of activities with a high specialist content and in areas with high added value and directly oversees the Corporate Commercial Network.

The Corporate Commercial Network is organised on a territorial basis according to a model developed and consolidated over the last few years and which saw, in 2022, an increase in the number of units in high potential areas. This model has proven to be efficient in guaranteeing commercial and territorial coverage through:

- a central unit which directly handles business governance;
- 5 Corporate Markets, broken down, in turn, into 21 Corporate Centres;
- over 150 managers who, together with dedicated analysts, assist companies in their operations, with a strong focus on business development; and
- a Large Corporate unit, with several local offices (Milan, Turin, Verona, Bologna, Rome), which focuses on serving customers with a turnover exceeding Euro 1 billion.

Corporate customers

In 2022, the Corporate segment includes approximately 10,900 Mid Cap companies and approximately 1,100 Large Corporates, for a total of approximately 10,600 target companies, having a current account with the Group as at 31 December 2022. As of 31 December 2022, the total number of corporate customers amounted to approximately 10,900 (of which approximately 7,000 had taken out loans) and the total number of corporate groups was equal to approximately 3,200 (of which 2,800 had taken out loans).

Corporate business strategy

In a complex scenario, which has suffered both the consequences of the pandemic period and the economic impacts of the Russia-Ukraine conflict, the constant monitoring of corporate customer relations, invaluable for providing them with optimal and targeted support, was more strategic than ever. This support took the form of prompt responses to customer needs that are constantly evolving.

The role of relationship managers was fundamental, as they form the heart of the Corporate commercial network and work in close synergy and coordination with the Corporate Management Units and the centres of excellence.

Oversight took place in two fundamental areas:

- *Support to deal with the energy crisis:* in view of the considerable increase in the cost of energy and raw materials in general, Banco BPM made the so-called "energy fund" available. This is an allocation of 5 billion to support corporate customers in limiting the effects resulting from the high cost of energy and raw materials and which takes the form of solutions dedicated to the financing of stocks and raw materials made available at advantageous financial and technical conditions;
- *Support to ESG projects:* in 2022 Banco BPM reconfirmed its commitment to supporting ESG projects and the "green transition" of its customers, in line with the objectives defined in the 2021-2024 Strategic Plan. The Corporate function has integrated these elements in the management of its commercial activities, also in consideration of the fact that transition risk represents a key variable in business positioning and in the development and growth projects of its corporate customers. In 2022, the continuation of disbursements relating to the "2020-2023 Sustainable Investments" fund of a total of 5 billion, 80% of which has already been allocated, thanks above all to transactions related to Green Project Finance, Real Estate and through Sustainable Linked Loan transactions, both bilateral and pooled, is an important part of this initiative. Alongside the "Sustainable Investments" fund, the development of dedicated products continued, with a view to providing targeted support to the green projects and investments of Corporate customers, both concerning transactions with highly personalised structures, as well as more standardised transactions developed directly by the Corporate Commercial Network.

Offer to customers - focus on the ESG component

ESG loans, loans attributable to anti-crisis measures (e.g. backed by SACE guarantee) and expansion of the offer

catalogue to support the “green transition”

In 2022, the development of the system offering dedicated loans to Corporate customers followed a dual approach: on the one hand, continuity was pursued, aiming to make the processes related to solutions already in place more effective and efficient, as in the case of interventions backed by public guarantees; on the other hand, innovation was pursued, introducing new tools able to stimulate and support the “green transition” of customers. This is consistent with the current scenario, affected by pervasive “ESG oriented” phenomena and processes. Initiatives aimed at enhancing relationships with customers operating in green sectors or with negligible transition risk are also included in this perspective. Lastly, activities continued in synergy with the various units of the Bank, functional to the evolution and development of solutions, products, services and tools to be able to seize the opportunities associated with the measures envisaged in the National Recovery and Resilience Plan (NRRP).

Support to the green transition: development of the offer and dedicated commercial initiatives

In 2022 efforts to provide support for the “green transition” of corporate customers became increasingly important. This commitment entailed the disbursement of appropriately identified loans to enhance the interventions in the Real Estate area (e.g. urban redevelopment or energy projects), Project Finance and more generally the improvement objectives of specific green or ESG KPIs pursued by corporate customers as part of the development and growth process. The introduction of the “Unsecured Loan with Sustainability Objective” was significant, a tool dedicated to supporting businesses in their path towards more sustainable business models from an ESG perspective, thanks to the adoption of “ESG” objectives (ESG KPIs - contractual covenants), to reward and motivate companies that commit, in various ways, to improving their green sustainability and, more generally, ESG profile. Particular attention was also paid to supporting the investments of companies operating in naturally green sectors or in sectors with low transition risk, to which specific commercial initiatives were dedicated. Again in support of the “green transition”, in 2022 the loans backed by the SACE Green Guarantee were increased, also thanks to the implementation of the partnership management approach. This guarantee is part of a wider European “Green New Deal” programme, which encompasses a set of measures in response to the climate emergency, and which envisages achieving the neutrality of polluting emissions by 2050.

Other commercial initiatives: synergies with Banca Aletti and Banca Akros

With a view to the growth and development of synergies, the Corporate function developed the “Insieme” project with Banca Aletti, to acquire new Private customers through Corporate channels, by exploiting existing customer relationships within the Group. Also its collaboration and synergy with Banca Akros continues to be significant, the latter specialising in Capital Markets (interest rate, exchange rate and commodity hedging) and Investment Banking (Equity Capital Markets, Debt Capital Markets, M&A, Securitisation and Advisory segments).

The role of public guarantees to sustain the Italian economy

In 2022, with the progression of the Russia-Ukraine conflict, the instrument of SACE Italy Guarantee, widely used in 2021, was replaced by the launch of loans backed by the so-called SACE Supportitalia guarantee. These instruments were used to deal with the fluctuating market dynamics, alongside other public subsidies (e.g. those connected with projects linked to the NRRP).

Other distinctive activities

In 2022, the use of the “Sales4Change” commercial interaction platform was further developed, which contributed to achieving commercial objectives. The purpose of these developments was to optimise its use to the advantage of the Network, in order to improve customer service, in a context of digital innovation. Project work is continually evolving and will continue in the near future as well, with a view to achieving a fully integrated digital ecosystem.

Hedging financial risk

In 2022, Banco BPM Group reaffirmed its activity of providing specialised support to corporate customers in managing interest rate, exchange rate and commodity risks, through the Corporate & Investment Products unit of Banca Akros. Customers are assisted by a group of sales advisors and specialists, located in different geographical areas, equipped with superior technical and commercial skills.

The development of new products and services also continued: the most recent innovative activities include hedging of ESG rates, which comply with sustainability parameters, allowing companies to also hedge the risk relating to fluctuations in the price of gas. In 2022, there was also an increase in exchange rate and commodity hedging, while interest rate hedging slowed down compared to the previous year, mainly due to the trend in market

rates.

Purchase of trade and tax receivables without recourse

During 2022, Banco BPM extensively developed services relating to the purchase from its customers without recourse of trade, fiscal and tax receivables, held both vis-à-vis private companies and Public Administration entities, including tax credit relating to Law Decree 34/2020 (so-called Super Ecobonus). The activities performed in this regard seek, first and foremost, to support the production chains using an instrument that in recent years has proven to be particularly effective in optimising a company's working capital. The experience acquired by Banco BPM in this area is demonstrated above all by its ability to enter into customised agreements with leading companies that wish to optimise the opportunities available to manage supply credit/debt, while at the same time offering effective financial services to their suppliers. A particularly important market position was consolidated in the purchase of tax credits deriving from the so-called Super Ecobonus, an activity that has allowed customers to take advantage of the important tax benefits provided. Consolidating its leadership position in this specific set of activities has been possible also thanks to the innovation of internal procedures, with a view to facilitating operating aspects in the bank-customer relationship. This innovation will be fully completed through the adoption of a new operating platform that is part of a broader global digitalisation project currently in progress.

Structured finance

In 2022, structured finance activity further consolidated its assistance to Group customers with regard to more sophisticated lending transactions, made with institutional and industrial counterparties which, as regards the purpose of the loan and/or its amount, require a personalised and specialised approach. In general, however, it should be noted that customer interest in this type of service increased during 2022 given both the strategic value linked to this type of transaction and post-pandemic effects. The performance of this segment improved compared to the previous year, also thanks to the economic situation, for all performance parameters (capital, economic and operating). More specifically, Corporate Lending activity recorded a very significant increase in the number of transactions made, and in the commission collected. Activities carried out for Financial Sponsors, an area in which the Bank maintained its leadership position in the SME segment, recorded a particularly positive year thanks to the general improvement in market conditions and the maintenance of a high flow of transactions. Moreover, the particular financial market context further facilitated the increase of both the number of transactions carried out and the number of Sponsors financed. Project Finance activity maintained the excellent performance data recorded in 2021, thanks to the consolidation of relations with several operators, and the participation in several transactions related to very important infrastructure projects. Looking forward, the launch of the projects relating to the NRRP and the geopolitical scenario should have important and positive repercussions on activities in the years to come. Real Estate activity maintained the business levels recorded in the previous two-year period, thanks to the continuing interest that institutional, and international, operators continue to have in areas in which the Bank boasts consolidated expertise. Over 200 structured finance transactions were concluded in 2022, for a total resolved amount of around 8 billion. Of these, around 100 transactions (for over 5 billion in loans subscribed), relate to Corporate Lending. This is followed, in terms of number and relative volumes, by Leverage transactions (50 transactions for around 1 billion), Real Estate transactions (over 40 transactions, for around 1 billion) and lastly Project Finance transactions (approximately 20 for a total of around 900 million), thus confirming the role of Structured Finance as an important driver for the development of relations with the Group's most dynamic and sophisticated customers.

Foreign operations and trade finance

In a context of economic growth, but also of unprecedented complexity (the Russia-Ukraine war, shortages of raw materials, the euro/dollar trend), activities related to internationalisation processes and the promotion of imports/exports recorded significant growth in 2022. In particular, the first part of the year, characterised by the start of the Russia-Ukraine conflict, entailed the structure making considerable efforts to support customers and the Network in managing contracts (with related transactional flows) underway in the countries affected by the new penalty mechanism.

Dedicated network and foreign goods unit

Despite the complexity of the situation, 2022 maintained a positive trend in international trade and the dedicated Foreign Operations and Trade Finance unit was able to exploit this growth, significantly increasing its market share, above all in terms of exports, and providing constant and proactive support to its customers. This support was provided through the dedicated commercial network, made up of more than 60 reference specialists across Italy, who have superior technical and commercial skills and are, therefore, able to best support companies in their

internationalisation activities. Of the joint initiatives set in place, to maximise its presence for customers belonging to leading export sectors (plant and machinery, mechanics), meetings were organised that involved foreign specialists and colleagues from Trade & Export Credit with a view to informing and training customers on the Supplier's Credit instrument, enriched, in the last part of the year, by the possibility of discounting bills backed by a policy issued by Euler Hermes, as well as by SACE. In addition, in terms of operational support, the Group also has foreign-goods units located throughout the country, more specifically in Milan, Legnano, Verona, Modena, Bergamo and Lucca. In particular, the above units handle operations relating to documentary credits and documented remittances, while those regarding international guarantees are handled centrally by a dedicated unit called CUGI and based in Milan. The common objective is to provide customers with a high-added value service that guarantees consistent returns in terms of commission income, while at the same time carefully and promptly monitoring the considerable technical-operational risks. Overall, the Operations unit currently has about 100 members of staff and manages foreign documentary transactions, as illustrated above, with the exclusion of electronic receipts and direct remittances (i.e. the open account area).

Financial Institutions

In the third quarter of 2022, the Financial Institutions Group (F.I.G.) returned to making regular trips abroad after a two-year suspension due to the constraints imposed by the health emergency, continuing to oversee the main foreign markets with the primary purpose of guaranteeing adequate credit lines to support customers' import and export business. To support the export business, adequate trade credit lines have been implemented and renewed, both ongoing and temporary, for foreign banks; with regard to imports, the F.I.G. was able to preserve existing credit lines and implement new ones due to the targeted trips made in the latter part of the year in the three main Asian countries of interest to customers, and by maintaining regular contact with foreign correspondent banks, through videocalls. For the purpose of providing suitable coverage for Trade Finance operations with Countries/Banks considered risky or problematic, the Financial Institutions Group renewed its participation in the respective trade facilitation programmes of the main supranational banks: EBRD, IFC, ADB. By managing the foreign Representative Offices in Mumbai and Hong Kong, the unit has helped customers who operate, or intend to operate, in the areas of responsibility of these offices.

Foreign Products and Services

In 2022, Banco BPM continued to provide assistance to companies operating in foreign markets, responding to the changed financial requirements of business operators by working with institutional entities and implementing the measures set in place by the Government to provide financial support to Italian exports. In line with the growing importance of offering a range of digital services, in 2022, Banco BPM continued its integration of new cutting-edge channels, with both information and order functions, addressed to companies that work with or intend to work with firms abroad. More specifically, the "BancoBPM Trade World - your ally abroad" channel allows access to international markets and contact with selected commercial partners, thanks to the YouWorld and YouLounge platforms:

- YouWorld is the information platform to support foreign trade, which provides details of potential suppliers or foreign customers organised by country, type of good or services handled. A total of around 900 companies were using the service at December 2022;
- YouLounge is the B2B platform to promote its own products/services through a virtual showcase, accessible through Banco BPM's e-banking. Together with a further 12 leading international partner banks, it participates in the Trade Club Alliance which covers 60 countries and includes over 23,100 selected companies worldwide. As at December 2022, over 1,500 corporate customers utilised YouLounge.

With regard to Foreign operations, the digital offer is completed by a third-party portal, YouTrade Finance, which enables goods operations to be managed online (international guarantees - already operational, documentary credits, operational for the import phase), simplifying and optimising the bank-customer relationship, and able to guarantee maximum safety (i.e. the use of digital signatures) through guided procedures. Approximately 500 customers use the service.

Agreements with leading institutions

In order to expand the support to customers that operate in the complex field of internationalisation, Banco BPM has joined numerous associations through its managers specialised in Foreign Operations and Trade Finance, or has agreements in place with leading institutions (including ICC Italia International Chamber of Commerce, Credimpex Italia, De International Italia and SACE) aimed at offering customers professional support based on

in-depth knowledge of regulatory techniques and methods, instruments and rules relating to the world of international trade. Regarding relations with the Chambers of commerce, in 2022 Banco BPM maintained its collaboration with the German-Italian Chamber of Commerce (CCIG), the Russian-Italian Chamber of Commerce, as well as with DE International Italia. This company, which belongs to the CCIG, offers a wide range of services for the internationalisation and promotion of forms of cooperation (business days, B2B meetings between Bank customers and foreign operators) with a particular focus on the German area, a region of Europe of particular interest for exporting Italian companies.

Trade and Export Finance

The Trade and Export Finance unit encompasses all export finance activities with the support of SACE/SIMEST, the Group's international structured finance and Export Finance transactions and Trade Finance transactions such as supplier's credit. In 2022, development continued of buyer's credit transactions with SACE, SACE Push strategy and of supplier's credit with SACE coverage, and several important international transactions were concluded, both as regards export finance and commodity finance and international corporate, creating new trade relations and consolidating existing relations with industrial groups active in the US, Chinese, Swiss, Belgian and German markets. An important area of development during the year was the support provided to global energy traders who, due to the diversification of the sources needed by Italy, find themselves working more intensively with Italy. The focus in the SACE and ECA area was characterised by the expansion of relations with major Italian exporters, SACE, Cassa Depositi e Prestiti, international banks and international corporations. Also in 2022, the sector in question participated in some financing operations with EU green taxonomy and green KPIs. The development of relations with international corporations is always highly selective and aimed at creating the greatest number of commercial opportunities for the corporate network and investment banking. Particular focus is dedicated to the major players in the energy transition. The average size of supplier's credit transactions grew considerably, as did the activity in international guarantees with SACE coverage. Since the beginning of its activity, 25 international financing transactions have been concluded, mostly with senior roles.

Sustainable finance culture and ESG training initiatives for customers

In 2022, Banco BPM confirmed its support for companies that intend to launch or develop their own path towards the green transition, not only through dedicated financing solutions, as illustrated above, but also by promoting awareness and knowledge of the opportunities available. In order to actively spread a 360-degree ESG culture and encourage customers to reflect on the impacts of a correct ESG approach, in 2022 training meetings (webinars) dedicated to Corporate customers were held, which involved highly qualified technical partners, external to the Bank.

Institutional

The "Institutional" segment includes the management and marketing of banking and financing products/services and loan brokering, which are mainly aimed at bodies and institutions (UCIT units, SICAVs, insurance companies, pension funds and banking foundations). Those activities are conducted in an equal amount by the Commercial Network of the Parent Company, for "local institutional" counterparties, and by specialised branches, for "systemically-important institutional" counterparties.

Institutional counterparties are the main supervised entities such as insurance companies, non-banking finance companies, SGRs, "*società di intermediazione mobiliare*" ("**SIMs**"), open and closed-end mutual funds, banking foundations, social security and welfare funds and pension funds. Furthermore, institutional counterparties include the state, constitutional bodies, the central state bodies and some companies in which the central public administration has a stake, as well as regional authorities, healthcare organisations, hospitals and large municipalities.

Relations with the Institutional counterparties are monitored through a complete service model, which includes managers and specialised employees and a dedicated branch.

With a view to achieving greater efficiency in the management of relationships, the Group's services have been harmonised and commercial partnerships have been developed with Banca Akros and Banca Aletti to provide a more comprehensive and specialised range of services. In 2022, activities related to securitisations continued, within which Banca Akros acted as arranger and institutional customers as purchasers of senior notes, thus implementing a path complementary to the more traditional one of direct loans, to support the real economy. Particular attention was paid to the financial support of companies associated with the MEF (Ministry of the Economy and Finance) that operate in the energy sector (i.e. Gestore Mercati Energetici (Energy Markets

Authority) and Gestore Servizi Energetici (Energy Services Authority), providing them with financial support to sustain the Government's energy policies.

Commercial partnership with allies external to the Group

The Institutional function is also tasked with supervising and coordinating the unit dedicated to centrally managing commercial alliances with partners external to the Banco BPM Group.

These alliances are governed by specific commercial partnership agreements, which envisage a range of products addressed exclusively to the customers of the external alliance, through a dual distribution channel:

- “off-site” offer, through external financial advisors;
- “on-site” offer, through dedicated branches, in the financial shops of the commercial ally.

Centralised commercial management takes the form of a dedicated unit, included within the Institutional customers, Entities and Third Sector Function, which has 17 branches spread across Italy.

Thanks to a direct supervision through a wholly dedicated unit, the Group is able to continuously update agreements in light of any legislative changes, to obtain a better economic return and to carefully monitor operational risks especially with regards to anti-money laundering legislation.

The market for the off-site offer of banking products and services outside the Group through the networks of financial advisors belonging to groups that do not have banks within their perimeter represents an area with strong potential for the Group, especially in light of the organisational model specifically adopted and the know-how acquired to date by Banco BPM.

Entities and Public Administration

Pursuant to EU Regulation 549/2013 on the European System of National and Regional Accounts, entities and public administration, or also public sector customers consist of:

- Public administrations, which in turn include central administrations (state and constitutional bodies, ministries and their departments, etc.), territorial administrations (regions and autonomous provinces), local administrations (provinces and municipalities) and Social Security and National Insurance entities;
- Public Companies, namely parties that produce goods and/or services for sale, or which are a public corporation, or which are controlled directly or indirectly by the Public Administrations, under specific laws, decrees or regulations.

The Public Sector function is responsible for managing the segment from a commercial, regulatory and administrative perspective. The activity, in relation to the acquisition of relationships and the management of the Public Administration, is conducted with particular focus on the commitments and critical issues that arise, on the limitations of operational risks, of image, of credit and from a commercial perspective.

Banco BPM holds UNI EN ISO 9001:2015 quality certification for the management of treasury and cash services and loans to the Public Administration.

Third-Sector and Religious Entities

Third sector and Religious entities are represented by Third Sector Entities (TSE) enrolled in the new RUNTS (Single National Register of the Third Sector) and non-profit non-enrolled entities, amateur sports associations, Federations recognised by Coni, as well as dioceses, parishes, congregations and religious orders. The segment also includes trade unions and political parties.

The regulatory framework of the Third Sector has recently changed and is constantly evolving. At the beginning of the year 2022, in fact, various activities related to the census of third sector entities were implemented, to capture all the peculiarities of the TSE and, from December 2022, a new section was implemented in the procedure for the internal management of customer records, which enables all the essential characteristics of this rapidly evolving customer segment to be recorded, tracked and monitored over time.

The third sector represents a “central” customer segment in terms of interest in ESG issues, and Banco BPM has strengthened its sales efforts towards these customers through a dedicated unit, with specialists in each geographical area of action of Banco BPM.

The commercial initiatives for 2022 included:

- economic support measures for investments relating to the NRRP, in social and ecological transition, and in post-pandemic support by granting new loans for liquidity needs triggered first by the pandemic and, subsequently, by the energy and inflation crisis, exacerbated by the war in Ukraine;
- the collaboration with KPMG for a study on social impact banking, to finalise activities concerning the new metrics for measuring the social value of investments, according to ESG logic;
- the granting of a new loan for social impact projects (so-called Social bonds);
- the management and monitoring of activities relating to the Third Sector Portal, launched in 2021 and dedicated to customers in this segment, which is directly linked to Banco BPM's institutional website (<https://www.bancobpm.it/terzo-settore/>). Through this site, customers can contact the dedicated specialist office, which provides advice and facilitates opening new accounts;
- the sponsorship of the third edition of the “Cantieri Viceversa” laboratory, organised by the National Forum of the Third Sector, to ensure the matching of the demand for and the supply of funds between Third Sector entities.

Private

The “Private” segment includes the management and marketing of banking and financial products/services and loan brokering, which are mainly aimed at private customers with assets that, individually and/or within their business, amount to at least Euro 1 million. These activities are carried out by Banca Aletti.

To support development activities, in line with the strategy of previous years, efforts were made, in concert with Banco BPM, to create opportunities to meet potential customers through several local events.

During the first half of 2022, the new territorial model of the Private Banking Network was created in Banca Aletti, which led to the definition of 7 Areas, with 30 associated Branches and 22 remote branches. In line with Banco BPM's strategic plan, which envisages an increasingly pervasive approach to cross selling, 2022 saw the launch on a national scale of the new model for synergy with the Corporate and Business world.

During the second and third quarters of 2022, all partnerships in the area were activated, with the presence of Private Branches, Corporate Centres and Business Centres. This activity was accompanied by structured collaboration with the Investment Banking division of Banca Akros. The set of activities made a significant contribution to the collection of new assets and to the extension of the customer base.

Investment Banking

The “Investment Banking” segment includes the structuring of financial products, access to regulated markets, and the support and development of specialised financial services. These activities are carried out by Banca Akros and by Oaklins Italy S.r.l., fully owned by Banca Akros.

Corporate & Investment Products

This division has four departments: investment products, corporate sales, debt capital markets and securitization & structured solutions. This division ensures the development of an integrated offer to customers of Banca Akros products and services, in coordination with Banco BPM.

Banca Akros signed an important partnership with the European Investment Fund (EIF) to promote their “closed-end” fund AMUF, exclusively for Italy, with institutional investors.

Trading and market making activities on own account

The Group carries out market making and trading on own account in government bonds and securities, interest rates, exchange rates, shares and other financial derivatives, over-the-counter market making on Government securities and bonds and market making on stock options and future stocks. It also executes transactions with professional customers and qualified counterparties in repurchase agreements and securities lending on bonds and shares.

Brokerage activities

Banca Akros engages in equity trading on behalf of third parties on stock exchanges and on MTFs and also bond trading.

Corporate Finance

Banca Akros offers a wide range of financial advisory services in the M&A area (i.e. sellside mandates, buy-side mandates, fairness opinions, etc) to a diversified customer base including private equity investors, corporates and families.

Banca Akros manages equity capital markets transactions, including capital increases of companies and banks. It also coordinates public bids and acts as Sponsor for market segments upgrades or/and in relation to demergers and listings.

Cross Asset Products & Solutions

Banca Akros has a team of professionals with a cross asset products expertise for Financial Institutions, that covers worldwide accounts and offers a wide range of products, combining three main segments: Flow, Solutions and Investments. Flow: encompasses the distribution of a universe of debt products, from liquid public bonds issued by corporate and financial institutions across the capital structure to tailor-made privately placed ones. Solutions: embraces financing, yield enhancements strategies as well as hedging products and strategic trades. Investments: includes a variety of payoff from Fixed Income to Interest Rate & FX Linked Notes, Equity Linked Notes as well as Capital Guaranteed products.

The aim of the team is to develop and distribute value-added products as well as tailor-made solutions to non-captive clients in order to satisfy their evolving needs as well as market trends leveraging on synergies across the Group.

Insurance

The Insurance sector is the segment in which the contributions to the consolidated financial statements of the interests held in Banco BPM Vita, Banco BPM Assicurazioni, Vera Vita and Vera Assicurazioni converge. As from 1 July 2022, Banco BPM Vita and Banco BPM Assicurazioni have been consolidated on a line-by-line basis following the acquisition of control of such companies.

Strategic Partnerships

The “Strategic Partnerships” segment includes the contribution of shares held in Agos Ducato, Alba Leasing, Selmabipiemme Leasing, Gardant Liberty Servicing and Anima Holding.

Corporate Centre

The “Corporate Centre” segment, in addition to governance and support functions, includes the portfolio of owned securities, the treasury and the Group’s asset and liability management, the stock of bond issues placed on institutional markets, the activities relating to the Group’s leasing business, equity investments not allocated between Strategic Partnerships and companies operating in the real estate sector.

Finance

Banco BPM is the centre of coordination and oversight for the management policies of the structural items of the Group’s own assets and liabilities and those of the other Group companies, geared towards optimising the available capital, identifying appropriate operations and funding strategies for the Group, through actions on domestic and international markets, as well as controlling liquidity needs and their dynamics, and also managing the securities portfolios and other financial instruments owned by the Group.

The operations of Group Finance are divided into the following operating units: Funding and Capital Management, Banking Book and ALM, Trading and Funds and Group Treasury.

Funding and Capital Management

Funding and Capital Management is responsible for the funding of the Group and manages its EMTN and covered bond programmes. It also arranges medium/long-term bilateral financing transactions with various market counterparties.

ALM and Investments

The management of interest rate risk in the banking book is carried out centrally within a specific delegated

department, and the primary objective of management decisions is to mitigate the rebalancing of the dynamics of economic value volatility with the volatility of interest margin as the rate curve changes of monetary and financial market in general, in accordance with the provisions of specific regulations (BCBS, EBA and the Bank of Italy).

The Group utilises an integrated Asset Liability Management (“ALM”) system with the aim of calculating the risk measurements that also include the use of behavioural models and measures, and management is primarily based around a “natural hedge” model, which tends to pursue a natural compensation of the risks generated by the gaps in liabilities and assets. The items in which the hedges are present are mainly demand items, bond issues, mortgages and the securities portfolio.

Group Treasury

The achievement of Banco BPM’s objectives in terms of short-term liquidity coverage indicators (Liquidity Coverage Ratio), both for the Group as a whole and for its individual legal entities, has led to the deployment of effective synergies with the other organisational units involved (specifically, Collateral Management and Liquidity Risk).

Funding on the money markets is intended to optimise available collateral and reduce the cost of financing by seeking the best conditions and greater diversification of sources of funding both in euro and in foreign currencies.

Fund management

The Corporate Centre segment also comprises the activities relating to Banca Aletti’s portfolio management, whose net fee and commission income from trading and performance, based on a logic of allocating resources to the different segments, and analysing the relative performances defined by the Group, is not allocated to the Private Banking Network.

With reference to the assets managed, the investments made were characterised by a reduction in the equity component in the first months of the year, underweight, down compared to the initial overweight; subsequently, the proportion of this asset class was reduced as the macroeconomic, monetary and financial conditions changed towards more restrictive attitudes. The average duration of the bond portfolio was kept constantly underweight, given the restrictive monetary policies put in place and planned by the Central Banks due to the significant rise in inflation.

In the second part of the year, after maintaining a high level of liquidity to protect assets, steps were taken to invest what was available in government bonds with short-term maturities, with decidedly positive nominal rates of return. Investments in the corporate bond markets were maintained in an underweight position, given the deterioration of macroeconomic aggregates and due to the sensitivity of the asset class to a rise in official rates. Investments in financial assets exposed to exchange rate risk were kept close to neutral, with a main focus on the US dollar, which during the year appreciated significantly for various reasons, including the ability to generate higher returns, and by virtue of its status as a safe haven currency.

As at 31 December 2022, assets under management totalled Euro 3.2 billion, as compared to the Euro 3.5 billion recorded in 2021.

Leases

Starting from financial year 2022, “Leases” are no longer shown as an “operating segment” used as a benchmark to analyse performance and to prepare disclosures pursuant to accounting standard IFRS 8. The economic contribution of Leases was therefore included in the “Corporate Centre” segment, albeit subject to continuous internal monitoring, given the size of the managed portfolio as at 31 December 2022, equal to approximately Euro 1.1 billion gross. The portfolio of the Leases segment, managed in run-off, as there is no provision for the stipulation of new transactions or the disbursement of new loans on those in effect, includes the assets relating to the contracts of the former Banca Italease and the former Release, both merged into Banco BPM.

During the year the segment in question underwent a restructuring of credit exposures attributable to a leading real estate group (known as “Project Wolf”), aimed at pursuing active management of the properties underlying the aforementioned exposures, with the support of a specialised partner, Aurora Recovery Capital S.p.A. (AREC) and the arrival of new funds provided by third-party investors to finance the development of real estate. In particular, the transaction envisaged the sale of loans, for a gross value of 461.1 million, to the special purpose entity for securitisation Lilium SPV, as well as the transfer of lease contracts and related properties to a LeaseCo (Ninfa LeaseCo S.r.l.).

Real estate segment

Real estate activity involves the management of the Group's capital assets and the development and potential disposal of the non-operating assets. Following the incorporation of the subsidiaries Bipielle Real Estate and Release into the Parent Company during the year, the reorganisation of the real estate segment was completed. In 2022 the Group focused on increasing the efficiency of the spaces occupied and reducing their management costs, continuing with the market rationalisation plan that envisages the release of third-party properties and/or empty or only partially occupied ones.

Environmental, Social and Governance Matters

The Group aims to ensure that its development is sustainable over the long-term and compatible with the interest of all its stakeholders. For this purpose, environmental, social and governance ("ESG") matters are increasingly incorporated within its business model, operations and processes.

Sustainability Governance

The Group's sustainability governance encompasses the following bodies:

- *Board of Directors*, which defines the management and coordination policies regarding non-financial disclosure, the socio-environmental policies and approves annually the Group's non-financial statement and the associated materiality analysis. One member of the Board of Directors is designated as "contact person for ESG issues" for the Control, Risks & Sustainability Committee;
- *Control, Risks & Sustainability Committee*, which supervises sustainability issues as well as – including through the Director delegated by the Committee itself on ESG, "sustainability and social responsibility" issues – the activities connected with the drafting of the Group's non-financial statement.
- *Environmental, Social and Governance Management Committee*, established by the Board of Directors, is chaired by the Chief Executive Officer and comprises the two Co-General Managers and several other managers of the Group among its permanent members. Its main tasks include evaluating the Group's positioning and coordinating all the activities required to achieve the strategic sustainability objectives;
- *ESG Operational Committee*, reports directly to the ESG Committee and operates with the aim of strengthening and implementing the integration of sustainability within the Group's business and coordinating the various activities;
- *The Sustainability Structure*, has the objective of overseeing and giving greater impetus to all the Group's ESG activities and ensuring their disclosure to all stakeholders.

ESG Strategy

In 2021, under the leadership of the ESG Committee and in light of an analysis of regulatory requirements, but also expectations of the financial market and best practices of national and international competitors, the Group reviewed its strategic ambition and launched an internal assessment intended to involve all of the Group's units in a significant process of sustainability.

In February 2021, the Group identified the following seven areas of activities and related 32 projects (involving 12 Group's units and more than 50 dedicated employees), which will aim to strengthen and achieve the integration of sustainability within the Group's activities and business:

- *Governance*: (i) review of internal ESG policies, (ii) expansion of ESG key performance indicators integration in management remuneration policies and (iii) appointment of ESG Ambassadors in the various corporate departments;
- *People*: (i) focus on integration and diversity, and in particular on female empowerment, with a target to achieve more than 33% of women in managerial positions in 2023 and (ii) extension of ESG training plans;
- *Risk & Credit*: (i) integrate climate-related and environmental topics within the risk and lending processes, (ii) development of portfolio transparency exercises to measure climate-related risks in key sectors and geographies and (iii) conducting specific climate risk stress tests and scenario analyses which also consider the Paris Agreement;

- *Customers – Business*: (i) supporting the green transition process and (ii) developing customer engagement skills on ESG issues;
- *Customers – Wealth Management*: (i) development of ESG investment product offerings and appropriate disclosure to customers, (ii) integration of ESG considerations into product selection and advisory activities and (iii) reporting to customers on the effects of their investments on sustainability risks and objectives;
- *Environment*: continue the reduction of environmental impacts in order to achieve carbon neutrality (with respect to scope 1 and 2 greenhouse gas emissions) in 2023; and
- *Stakeholder engagement and measurement*: (i) analysis and selection of international sustainability initiatives in line with the Group's values, policies and objectives, (ii) definition of metrics for measuring the indirect impacts of the Group's funding and (iii) development of disclosure in line with industry best practices;

Main actions taken by the Group

The main actions taken by the Group with respect to its ESG strategy relate to four main areas: (i) customers, (ii) local communities, (iii) human resources and (iv) environment. Such actions are linked to specific United Nation's Sustainable Development Goals.

Customers

The Group developed the following commercial initiatives to support its customers while aiming to protect the environment:

- offering of loans to enterprises operating in green and low-risk transition sectors, with Euro 10.3 billion in new green disbursements, or 55.6% of disbursements 2022;
- offering of green mortgages with the aim of favoring the energy efficiency of buildings, with Euro 620 billion in green residential mortgages during 2022;
- purchases of tax credits related to energy requalification and seismic risk reduction, with Euro 1.52 billion in tax credits purchased;

Local Communities

The close relationship with the Group's communities and territory is one of the most important assets and is further developed mainly through:

- supporting initiatives in the fields of art and culture, solidarity and social, sports, educational and training, research and health, environment and the region fields, leveraging on the seven foundations established by the Group; and
- offering products and services in favor of non-profit organizations.

Additionally, in 2022 the Group contributed approximately Euro 5.6 million to trade associations, organisations involved in financial activity and training, culture and promotion of social responsibility.

Human Resources

The Group launched a programme dedicated to women, to encourage the development of managers and professionals through training courses, mentoring and coaching, managerial activities, shadowing and job rotation, which enable them to gain extensive experience and integrate the know-how acquired in their professional career, with personalised paths that reflect the individual's aspirations and potential.

Environment

The Group aims to safeguard the environment by reducing the impact of its activities, mainly through:

- *energy management activities*: in 2022, the Group reduced its total energy consumption by 12% with respect to 2021. In addition, 100% of the electricity consumed was generated from certified renewable sources (Guarantee of Origin GO), avoiding the emission of approximately 25,800 tonnes of carbon

dioxide equivalent emissions, resulting in a reduction of energy consumption and carbon dioxide emissions;

- *corporate mobility*: the management of the company fleet is based on precise criteria of use aimed at promoting environmentally friendly practices (car pooling, replacement of the company fleet and improvement of the video-conference system);
- *focus on consumables, waste disposal and recycling*: procurement of recycled and Blue Angel certified paper (Blue Angel certification guarantees that the materials produced are completely free of polluting whitening substances with a PCF Process Chlorine Free certified); predominant use of regenerated toner;
- *prevention of crimes committed in violation of environmental protection legislation*: the investment properties of the Group are carefully managed in order to avoid the commission of crimes in violation of the environmental protection legislation;
- *Net Zero Banking Alliance*: in March 2023 Banco BPM resolved to join the Net Zero Banking Alliance (NZBA), thus requiring the aligning of the Bank's credit and investment portfolio to achieve net zero emissions by 2050, in line with the targets set by the Paris Climate Agreement. The decision to join NZBA followed a careful analysis and evaluation, which led to the identification of five priority areas for target communication within 18 months of membership (namely, oil & gas, power generation, cement, automotive and coal).

Risk Management

In line with regulatory requirements, the Banco BPM Group has adopted a unitary system of risk measurement and control which will be run centrally by Banco BPM.

Within the Banco BPM Group, the Risk Appetite Framework (“**RAF**”) permits the Group to manage risk profiles in a comprehensive and integrated way. The RAF is deemed as a strategic tool to define in advance how much risk the Bank is willing to take pursuing its strategic objectives.

The framework of risk appetite is developed taking into account the business model adopted by Banco BPM and affects all its main internal processes, playing an important role in managing the Bank in a sound and prudent way.

The RAF sets out, in line with the business model and strategic plan, maximum permissible risks, the Bank's attitude to risk, risk thresholds and limits, risk management policies and the relevant processes required to define and implement them in accordance with the requirements of applicable prudential banking regulations.

The “Risk Management” division is responsible for these activities and has responsibility for overseeing the processes required to identify, quantify, monitor, manage and report the risks to which the Banco BPM Group is or may be exposed, under business as usual and stressed conditions, in line with the strategies and policies of the Banco BPM Group's corporate bodies.

In pursuance of the main objective of guaranteeing sound and prudent risk management, the Banco BPM Group's risk management strategy is based on organisational oversight, adequate risk qualification and management, asset coverage, a comprehensive system of values and business incentives and a suitably effective and efficient organisational model, with the aim of minimizing the impacts on risk profile also through a risk mitigation and transferring strategy, protecting the Issuer's asset and financial base and preserving the reputation of the Banco BPM Group.

Between the end of the second and the first half of the third quarter of 2022, the process of updating Risk Identification was completed. The new elements compared to 2021 include: (i) the extension of the Risk Identification process to the insurance companies Banco BPM Vita and Banco BPM Assicurazioni; (ii) the definition of specific risk factors for ESG issues and for the insurance business; (iii) in the ESG area, the breakdown between climate-related issues and those of governance and social sustainability.

Inspection activities and proceedings conducted by the ECB, Bank of Italy and CONSOB on Banco BPM S.p.A.

As regards targeted inspections and proceedings, Banco BPM was subject to a number of inspections and proceedings from 2018 to 2023. At the date of this Base Prospectus, as illustrated in detail below, several inspections are still underway or are pending receipt of the “Final follow up letters” or the “Final Decision”.

In particular:

- in a letter dated 20 November 2023, the Bank of Italy has announced the start of an inspection aimed at verifying, in the area of consumer credit and consumer real estate lending, the adequacy of organisational and control structures, policies and procedures regarding the granting of loans, for the protection of consumers in difficulty and the prevention of over-indebtedness risk. The inspection, which began on November 21, 2023 and was conducted on site, is currently ongoing;
- in a letter dated 20 October 2023, the ECB announced the start of an inspection (OSI-2023-ITBPM-0241310) on climate and environmental risks. The on-site inspection, which started on 4 December 2023, is currently ongoing;
- in a letter dated 1 August 2023, the ECB announced the start of an inspection (IMI-2023-ITBPM-0221248) to assess the institution's application for the extension of the internal model for the calculation of credit risk for the purposes of prudential requirements to the exposure class Specialised Lending and the utilization of the approach "slotting criteria". The on-site inspection started on 25 September 2023 and ended on 17 November 2023. The Issuer is currently awaiting the inspection report;
- in a letter dated 29 June 2023, the ECB announced the start of an inspection (OSI-2023-ITBPM-0220762) to assess Internal Governance-Risk Management Function. The on-site inspection started on 25 September 2023 and ended on 6 December 2023. The Issuer is currently awaiting the inspection report
- in a letter dated 17 May 2023, the Bank of Italy announced the start of an inspection to verify the compliance of the automatic cash recirculation devices at some branches in the Emilia Romagna region. The inspection started on 6 June 2023 and ended on 16 June 2023. As of the date of this document, the Bank of Italy has not formalized any communication on this matter;
- in a letter dated 15 December 2022, the ECB announced the start of an inspection (OSI-2022-ITBPM-0220761) to assess cybersecurity risk management. The inspection (carried out both on-site and off-site) started on 30 January 2023 and ended on 14 April 2023. On 17 October 2023, the Bank received the inspection report and is currently awaiting a decision;
- in a letter dated 3 October 2022, the Bank of Italy announced the start of an inspection to verify the compliance of the automatic cash recirculation devices at some branches in the Sicily region. The inspection started on 18 October 2022 and ended on 26 October 2022;
- in a communication dated 17 August 2022, the ECB announced an "IMI" on-site inspection to assess the material change to the IRC methodology model, for which Banco BPM (also for Banca Akros) submitted a request for a material change to the IRC (Incremental Risk Charge) market risk parameter calculation methodology model for the completion of the IMI_2019_ITBPM_4145 inspection action plan. The inspection commenced on 5 September 2022 and was completed on 28 October 2022. On 11 January 2023, the Bank received the final IMI decision approving the requested change, allowing the removal of the add-on to the IRC and requiring two corrective actions of limited scope, which were concluded within the deadlines;
- in a letter dated 10 August 2022, the ECB announced the start of an on-site inspection (OSI-2022-ITBPM-0198569) on credit and counterparty risk, with the objective of assessing the compliance of the framework for the implementation of IFRS9 accounting principle and reviewing the overall credit risk management framework (policies, methodologies, procedures, and governance) with respect to specifically identified asset portfolios subject to a credit quality review. The inspection started on 17 October 2022 and ended on 17 February 2023. With a notice dated 13 November 2023, the Bank received the inspection report dated 7 November 2023 and is currently awaiting a final decision;
- in a letter dated 8 June 2022, the ECB announced the start of an on-site capital adequacy inspection (OSI-2022-ITBPM-0197382) to assess the management of the ICAAP. The inspection started on 26 September 2022 and ended on 24 November 2022. On 11 December, the Bank received the ECB's final decision, containing qualitative recommendations regarding technical and methodological aspects in the context of determining economic capital;;
- in a letter dated 7 February 2022, Bank of Italy announced the start of an on-site inspection on anti-money laundering in the private banking sector of the subsidiary Banca Aletti, with particular reference to the services offered to high-net-worth customers. The on-site phase started on 28 February 2022 and ended on 14 April 2022. Banca Aletti received the results of the inspection on 14 September 2022, which did not

reveal any compliance issues. On 14 October 2022, Banca Aletti sent the corrective action plan which is in the implementation phase in compliance with the relevant deadline;

- in a letter dated 20 December 2021, ECB announced the start of a model investigation (IMI-2021-ITBPM-0180439) on the subject matter of credit risk with the purpose to assess the institution's application for an approval of material model change and extension for the following exposure classes: Corporate - Other; Corporate - SME; Retail - Other non-SME; Retail - Other SME; Retail - Qualifying revolving; Retail - Secured by real estate non-SME; Retail - Secured by real estate SME. The application for the approval of the extension request and the material model changes in connection with the calculation of regulatory requirements to meet credit risks also includes those made necessary by the entry into force (1 January 2022) of new applicable regulatory requirements (EBA IRB Repair program) as well as those aimed at fulfilling obligations arising from previous internal model investigations. Specifically, the material changes covered by the request for approval and included in the scope of the inspection investigations, include those aimed at complying with outstanding obligations from the internal model investigations conducted from 2018 through 2020. The investigation (conducted in off-site mode) started on 14 February 2022 and ended on 20 May 2022; on 15 December 2023, the Bank received the ECB's final decision which authorised the application of the new internal model, which result in the implementation of the EBA guidelines, with an expected impact in terms of CET1 ratio of approximately -160 bps already starting from Q4 2023;
- in a letter dated 11 November 2021, Bank of Italy announced the beginning of an off-site inspection as regards transparency, with a view to assessing fulfilment of the obligations deriving from the implementing provisions of Directive 2014/92/EU, the "Payment Accounts Directive". The off-site inspection started on 11 November 2021, and from 22 November 2021 it continued as an on-site at several branches and it concluded on 21 January 2022. On 27 June 2022, Banco BPM received the results of the inspection, which revealed anomalies relating to issues important for the protection of customers and requiring corrective action, some of which is restorative in nature. On 21 October 2022, Banco BPM submitted its corrective action plan to the Bank of Italy, which was concluded within the deadlines;
- in a letter dated 1 October 2021, Bank of Italy announced the beginning of an on-site inspection regarding the prevention of money laundering, with a view to confirming compliance with the obligations envisaged by Legislative Decree no. 231/2007 with specific reference to the cash operations of cooperatives, also through an assessment of the legislative, procedural and control structure in a single branch (Verona): the inspection phase (initially on-site) which started on 4 October 2021, it completed off-site on 21 December 2021 (the date on which the end of the procedure was communicated). On 18 August 2022, Banco BPM received the results of the inspection, which highlighted certain weaknesses in the area of due diligence and in the active cooperation process with regard to the management of relationships with the cooperative companies under investigation. On 29 December 2022, Banco BPM sent the corrective action plan, which is currently being implemented;
- in a letter dated 2 September 2021, ECB announced the beginning of an on-site inspection (OSI-2021-ITBPM-0177592) to assess the adequacy of the first pillar capital requirement calculation; the on-site phase started on 25 October 2021 and ended on 23 December 2021. On 4 August 2022, Banco BPM received the final follow-up letter and on 30 September 2022 submitted the corresponding corrective action plan, which was concluded within the deadlines;
- in a letter dated 23 March 2021, ECB announced the beginning of an inspection (OSI-2021-ITBPM-0180228) entitled "Credit and counterparty risk - Credit Quality Review of CRE portfolio and assess selected credit risk processes" with the objective of reviewing the asset quality of the Commercial Real Estate ("CRE") portfolio and assessing the credit risk management processes and the control and governance systems. The off-site phase started on 26 April 2021 and ended on 5 November 2021. The analysis focused on how credit risk was managed in relation to the portfolio under review, in particular the criteria for granting new loans and forbearance measures for perimeter exposures, the identification of specialised loan categories, the quality of appraisals, the process for classifying and valuing real estate and foreclosed assets, and the rules in place in this regard. On 21 April 2023 the Bank received the final decision which contains "requirements" and "recommendations" of a qualitative nature, mostly related to organisational measures and concerning the commercial real estate lending and monitoring process, the framework for the valuation of commercial real estate collateral and the internal control and credit risk management system related to commercial real estate lending.

In particular, with regard to commercial real estate exposures, the ECB requested in the final decision that the Bank strengthen its decision-making process for the granting and monitoring of loans, ensure appropriate prudential treatment of specialised lending and speculative lending exposures, and update its procedures to provide a more complete and up-to-date information framework for valuers performing property valuations. In addition, the Bank was requested to revise the indicators of probable default for CRE counterparties, to strengthen the internal control framework for perimeter portfolios and to supplement the internal rules for the management and monitoring of these exposures.

The Bank sent the corrective action plan to the ECB on 29 May 2023; the corrective action plan includes 16 remedial actions which are currently being implemented and will be completed by 31 December 2024;

- in a letter dated 14 April 2019, CONSOB announced the beginning of an on-site inspection on product governance matters and procedures for the assessment of the adequacy of clients' transactions. The on-site phase started on 14 April 2019 and ended on 3 December 2019; on 30 July 2020, Banco BPM received a technical note pursuant to which CONSOB, while not launching a sanctioning proceeding, has highlighted certain aspects. On October 16, 2020, the Bank submitted to the Authority the relevant corrective action plan which was completed within the deadlines.

Legal Proceedings of the Group

As of 31 December 2022, the provisions allocated against all existing legal and tax disputes, including cases associated with enforcement actions, totalled Euro 83.8 million.

The Group operates in a legal and regulatory context which exposes it to a wide variety of legal proceedings, relating, for example, to the conditions applied to its customers, to the nature and characteristics of the products and financial services it sells, to administrative irregularities, to clawback actions for bankruptcies, and to labour law disputes.

Ongoing Legal and Administrative Proceedings

The main legal and administrative proceedings in which the Group is involved as of the date hereof are as follows:

Proceedings related to the diamonds reporting activities

A criminal investigation is pending with regard to the diamonds sales activity involving IDB and the various reporting banks, including Banco BPM. The criminal offences under investigation are alleged fraud and related self-laundering, obstacle to the supervisory authorities' functions and corruption among private parties. The inquiry also involves managers and former managers of Banco BPM Group (including the former General Manager), the Bank itself and its subsidiary Banca Aletti for administrative offence pursuant to Legislative Decree 231/2001. In the context of the inquiry, on 19 February 2019, the Milan Public Prosecutor's Office carried out at Banco BPM a precautionary seizure for a total amount of approximately Euro 84.6 million. In addition, in September 2020 the Public Prosecutor's Office of Milan served those former managers and several employees of the Group with a notice of conclusion of the preliminary investigations as part of proceedings also relating to the operations in diamonds referring to the offence of fraud, which does not change the overall charges previously communicated by the judicial authorities.

In February 2021 an indictment against the defendants was filed for the contested crimes, including administrative offences pursuant to Legislative Decree no. 231/2001 against Banco BPM and Banca Aletti. During the preliminary hearing, which began on 19 July 2021, the Judge declared its lack of jurisdiction for proceedings involving the former managers and employees of the Group in relation to the crimes of fraud, self-laundering and obstruction of the exercise of the functions of public supervisory authorities. The Court of Milan retains jurisdiction only for the offence of corruption among private individuals alleged against a former manager of the Bank. Moreover, the Judge, accepting the complaints presented by Banco BPM and Banca Aletti and at the end of the preliminary hearing of 8 April 2022, pronounced a sentence of application of the penalty at the request of the parties in accordance with the proposed conditions, thus applying the pecuniary sanction of Euro 240,000 to Banco BPM and Euro 56,000 to Banca Aletti, at the same time ordering the confiscation of only the profit from the alleged crime of self-laundering, amounting to Euro 293,119, already subject to a precautionary constraint. In addition, on 8 April 2022, the Judge ordered the release of the sum of Euro 500,000 initially subject to attachment for the alleged crime of bribery among private individuals and ordered its restitution to the Bank.

With regard to the residual amounts involved in the seizure amounting to Euro 83.8 million for the crime of aggravated fraud, the Prosecutor's Office of Verona was identified by the Supreme Court as having territorial jurisdiction to proceed as a result of the conflict of territorial jurisdiction raised. The Public Prosecutor's Office of Verona will also have to decide whether to initiate a new criminal action, with regard to the cases of aggravated fraud, self-laundering and obstructing the exercise of the functions of public supervisory authorities. On 16 February 2023 the Verona Public Prosecutor's Office ordered the release from seizure of Euro 80.3 million in favour of the Bank.

The Public Prosecutor of Verona has subsequently ordered the dismissal of the proceeding in connection with the crime of self-laundering and, as a result, the transfer of the proceeding to the Public Prosecutor of Rome in connection with the remaining criminal allegations of fraud and obstruction of the exercise of the functions of public supervisory authorities. Following the Issuer's request, the Public Prosecutor of Rome ordered release the remaining sum of around Euro 3.5 million from seizure; as a result, no amount of money is subject to seizure.

The Public Prosecutor of Rome will assess whether a new criminal action shall be brought forward in connection with the allegations of fraud and obstruction of the exercise of the functions of public supervisory authorities.

These events, with the consequent media coverage, led to a large number of complaints being received from the Group's customers involved and the start of civil litigation. In this regard, and also with a view to being close to its customers, over the past years the Group has implemented a broad customer care initiative with the aim, if relevant, of reaching settlements through a free assistance service. Specifically, this free support consists of assistance in the process of filing claims for the return of diamonds with the bankruptcy proceeding and, ultimately, the return of diamonds held in the vaults operated after the bankruptcy of IDB.

As at 30 June 2023, over 24,400 claims had been received, and over 1,300 disputes initiated (partly preceded by a claim) for a total relief sought of around Euro 720.2 million. At the same date, due to the previously illustrated management and customer care activities, claims and disputes were resolved, through a settlement or the issue of a final ruling, for a total remedy sought exceeding Euro 654.2 million (of which Euro 614.6 million related to Banco BPM). Against the claims and disputes, both those not yet defined and therefore still pending and those potentially estimated, as of 30 June 2023 the specific provision recognised against the above disputes with customers amounts to Euro 30.3 million (of which Euro 23.8 million referring to Banco BPM). The total provision made by Banco BPM over the years, from 2017, was Euro 391.5 million, against which drawdowns for refunds to customers of Euro 361.2 million were made.

As at 31 December 2022, the provision amounted to Euro 41.5 million; during 2023, drawdowns for refunds of Euro 12.7 million were made, and a further provision of Euro 1.5 million was added, to take into account the updated estimates relating to the total expected remedy and the percentages of compensation.

Malenco S.r.l.

On 4 February 2020, Malenco S.r.l. summoned Banco BPM before the court, together with another bank that led the pooled operations, in relation to the granting of loans for the construction and completion of a property complex. The company requested that the invalidity of the loans be ascertained for allegedly exceeding the usury threshold rate and the invalidity of the derivative contracts taken out to hedge the loans granted, with a request to order Banco BPM to pay the sum of Euro 31 million, of which Euro 10 million is to be paid jointly with the other bank. The Court of Milan, with ruling of 21 November 2022, rejected the counterparty's claims in full. The appeal is pending.

Privilege Yard

On 20 December 2019, Banco BPM was summoned, along with a pool of banks, by the receivership of Privilege Yard for alleged unlawful disbursement of a loan. The receivership requested that the liability of the banks be declared for collusion in the mismanagement by the directors of Privilege Yard, ordering them to jointly pay compensation for the damages of approximately Euro 97 million (of which, Banco BPM share would be equal to Euro 27 million). On 11 October 2022, the conviction ruling was issued for the banks jointly and severally for the all-inclusive sum of Euro 57.1 million; Banco BPM paid its pro rata amount due under the ruling and, in agreement with all the other banks involved, challenged the ruling by filing an appeal to the Court of Appeal of Rome.

CE.DI.SISA Centro Nord S.p.A. (in liquidation)

On 5 August 2020, the Bank was sued in a liability action against the directors, auditors, auditing firm, consultants of the bankrupt company and credit institutions that contributed with the administrative body in increasing the

liabilities. The bank, which never granted loans but operated through advances on invoices, firstly objected to the temporal prescription of the claim formulated. The overall petitem, against all the banks, amounts to Euro 120 million. The hearing for the examination of the court-appointed expert is scheduled for 24 January 2024.

Presidency of the Council of Ministers/Left-wing Democrats

Following an injunction requested against Left-wing Democrats (bad loans) and the Presidency of the Council of Ministers (guarantors of the Left-wing Democrats by virtue of sureties) for 3 pooled loans (of which one leading bank was Banco BPM and a further two investees) for a total of Euro 26.5 million, opposition to the injunction was submitted in 2015. The courts of the first and second instance rules in favour of the banks, at the same time rejecting the challenges of the injunction. The ruling of the appeal was not challenged in the Supreme Court by the parties, but for the Barletta section of the Left-wing Democrats, the decision is still pending, with the next hearing set for 19 January 2024.

La Redenta Società Cooperativa Agricola

On 4 September 2018, the company “La Redenta Società Cooperativa Agricola” sued Banco BPM together with said company’s directors and statutory auditors and other six banks alleging that such parties have acted in complicity to increase the company’s liabilities. The Court of Appeal of Brescia, in a final judgment of 14 March 2023, rejected the plaintiff’s claims.

Compagnia Finanza e Servizi (Co.fi.se.) S.r.l., Tabellini Paolo

On 8 November 2016, Compagnia Finanza e Servizi (Co.fi.se.) S.r.l. and Tabellini Paolo, in their capacity as shareholders of the company Società Italiana Calzature S.r.l. (currently in bankruptcy) sued Banco BPM, together with a leasing company, demanding Euro 15 million in damages. The court of the first instance and appeal proceedings concluded with rulings in the Bank’s favour, which rejected the claims of the plaintiff. The ruling on appeal was challenged by Mr Tabellini only with an Appeal in the Supreme Court, reducing the damages claim to Euro 10 million.

Partecipazioni Italiane (in liquidation)

The subsidiary Partecipazioni Italiane in liquidation, as the former owner of land located in Pavia that was the industrial site of the former Necchi S.p.A., (which ceased business operations many years ago), was the subject of an order of the Province of Pavia which requested that the subsidiary, as the party “historically” responsible, along with another party, carry out the reclamation and containment of that area, which for many years now has been owned by third parties outside Banco BPM Group.

The Lombardy Regional Administrative Court rejected the appeal of the subsidiary against the order of the Province; the ruling on the appeal before the Council of State is pending, for which the public hearing on the merits has not yet been scheduled. Within the parallel environmental proceedings, both some of the current owners of the various portions of the former Necchi site and Partecipazioni Italiane submitted autonomous area characterisation plans. Considering the various positions of the parties, new administrative proceedings arose which are currently pending before the Lombardy Regional Administrative Court, with the involvement of the Municipality of Pavia, the Province of Pavia and the Lombardy Regional Environmental Protection Agency as well, and for which the public hearing on the merits has not yet been scheduled. With regard to one of the portions of the site, on 7 March 2022, a settlement agreement was finalised with one of the current owners, regarding the reclamation of the portion of the former Necchi area it owns. The agreement envisages, inter alia, the contribution of Partecipazioni Italiane to bearing the reclamation costs for an amount of Euro 1.4 million plus VAT (half of which already paid at the time of finalisation of the agreement and half to be paid to the counterparty on announcement of the start of the reclamation activities), already accounted for in the financial statements as at 31 December 2021.

In February 2023, the counterparty informed Partecipazioni Italiane of the need to postpone the deadline set forth in the above-mentioned settlement agreement to 7 March 2024 for the submission to the Authorities of the Operational Reclamation Project. This postponement is due to the need, shared with the Authorities, to also consider the fill materials in the Characterisation Plan, following a legislative amendment. For the portion of the former Necchi area owned by INAIL and currently occupied by the Pavia Police Headquarters, through the technical consultant WSP Italia S.r.l. (formerly Golder Associates S.r.l.), the subsidiary completed the characterisation activities of the portion of the area, as per Characterisation Plan approved by decision of the Municipality of Pavia on 21 March 2022. As a result of the above-mentioned activities, WSP Italia provided an initial estimate of the costs for probable future activities and for the reclamation as 160 thousand euro plus VAT,

recognised in the financial statements of the company as at 31 December 2022. For the other two areas into which the site is divided, given the uncertainty of the interventions to be carried out, it is not possible to reliably estimate any expenses borne by the investee, even within a certain range.

I.F.I.T. S.r.l. and S.I.R.O. S.r.l.

On 14 February 2022, I.F.I.T. S.r.l. and S.I.R.O. S.r.l. summoned Banco BPM before the court to obtain the revocation of a pledge made by the other two defendants in the case, Luigi Servidati and Fabio Planamente, former managers of the group, as a guarantee for a loan of Euro 23 million granted to the company Cantiere del Pardo S.p.A. The plaintiffs claim damages of approximately Euro 15.2 million, an amount for which they obtained a precautionary seizure against the same two former managers (later shareholders), for having transferred ownership of Cantiere del Pardo to third parties. In June 2023 the parties reached a settlement without economic impacts for the Bank.

Società Italiana per Condotte d'Acqua S.p.A.

On 23 December 2022, the extraordinary receivers of Società Italiana per Condotte d'Acqua S.p.A. summoned the members of its Management and Supervisory Boards, the auditing firm and the banking class, including Banco BPM, and some factoring companies to court, to obtain a joint and several sentence of all defendants to pay the sum of over Euro 389 million. The amount is requested by way of compensation for the alleged damages also caused by the abusive granting of credit by the banking class, which would have allowed the company to continue to operate despite the crisis situation, also causing the serious impoverishment of the company's net assets. The proceeding is in the initial stage.

Bolzoni Fratelli Soc. Semplice

The company Bolzoni Fratelli Società Semplice was subject to a property foreclosure in connection with the enforcement of Euro 13 million mortgage-backed loans. Such company objected to the foreclosure alleging the invalidity of the loans. The court of first instance ruled in favour of the Bank, and Bolzoni Fratelli Società Semplice appealed against such ruling. Banco BPM is waiting the scheduling of the hearing to clarify the conclusions, requested at the last hearing held on 30 January 2024. The plaintiff's petition corresponds to the nominal amount of the loans enforced.

Atlantia S.p.A and Autostrade per l'Italia S.p.A.

A restitutory action has been initiated against Astaldi S.p.A. (in its own right and as agent for the group of companies), its former subsidiary Bipielle Real Estate and S.C.C. S.r.l. as assignees of the original contractors in the construction of some highway sections in the province of Genoa under a procurement contract signed in 1991. The case originates from the sentence issued against the present plaintiffs in a parallel and still pending litigation brought by the defendants in 1993 for partial non-performance in the execution of said contract. The claim for restitution, quantified at 33.2 million euros, was jointly and severally brought during the proceedings against the three defendant companies with the exclusion of the additional companies belonging to the consortium.

Barberini Hotel S.r.l.

A lawsuit was brought against Banco BPM to obtain an order for the payment of 19.5 million euros following the termination of leasing contracts by the Bank, with the simultaneous obligation to return the payments already received by the plaintiff, and, alternatively, a request for the reduction of the contractual penalty, in conjunction with a request for equitable quantification. In a ruling favourable to Banco BPM, the Court of Appeal of Milan, in full compliance with the favourable decision of the Court of Milan, rejected the opposing party's objections, condemning the company Barberini Hotel S.r.l. to pay the costs of the litigation. An appeal is currently pending before the Supreme Court.

Litigation with natural persons

On 10 July 2019 a customer summoned Banco BPM before the court to obtain total compensation for damages of approximately Euro 21 million for having allowed a proxy/delegate of the customer to carry out a series of allegedly unauthorised transactions on various current accounts and securities portfolios. With its ruling of 11 January 2023, the Milan Court of Appeal confirmed the decision in favour of the bank handed down by the Court of Milan in 2020. The proceeding before the Supreme Court is pending.

On 18 July 2019, the heirs of a customer summoned Banco BPM before the court to request the cancellation of

several transactions, mainly financial in nature, which were allegedly carried out on accounts held by the customer without authorisation and in violation of the MiFID regulations. The counterparties requested that the Bank be ordered to return a total amount of approximately Euro 37 million. The lawsuit is pending before the Court of Milan.

Disputes with the Tax Authority

Banco BPM, the companies that merged to form the Group, the incorporated subsidiary companies and the subsidiary companies underwent various inspections by the Tax Authority in 2023 and in previous years. These activities concerned the taxable income declared for the purpose of income tax, VAT, registration tax, and more generally the manner in which the tax legislation in force at the time was applied. As a consequence of said inspections, the Banco BPM Group is involved in numerous legal proceedings.

The total claims made by the Tax Authorities as part of the tax disputes initiated involving Banco BPM and its subsidiaries amounted to Euro 225.0 million as at 30 June 2023 (unchanged compared to claims as at 31 December 2022). During the first half of 2023, no new claims arose, nor did any events change the amount of the claims already existing at the beginning of the year.

Details of pending disputes as at 30 June 2023

- Banco BPM (former Banca Popolare di Verona e Novara Soc. Coop.) - tax demand regarding IRAP tax paid to the Regional Headquarters for Veneto for 2006. The claim refers to the application of the ordinary rate of 4.25% to the net value of production resulting from business activities performed in Veneto and in Tuscany, instead of the higher rate of 5.25% and amounts to a total of 7.1 million. The tax demand has been challenged. The Provincial Tax Commission partially accepted the appeal, declaring that the fines imposed are not due. The Regional Tax Commission confirmed the first instance judgment, also cancelling the tax demand relating to the additional IRAP referring to the Tuscany Region. On 18 January 2023, the ruling of the Supreme Court was published, which recognised the validity of the appeal filed by the Bank for the effective lack of a specific provision of regional law that exempts, for tax year 2006, the system suspending the application of the increase in the IRAP rate set forth by state law. However, the Court pointed out that following the suspension of the effectiveness of the increase in the IRAP rate for 2002 for banks and insurance companies, it believes that the rate of 4.75%, already envisaged at national level for 2002 by Art. 45, paragraph 2 of Italian Legislative Decree no. 446 of 1997, should be applied instead of the ordinary rate of 4.25%. The Court therefore overturned the decision of the second degree Tax Court, referring to the second instance Tax Court of Veneto, which will have to redetermine the Bank's tax liability by applying the rate of 4.75%. The dispute is therefore still pending due to the referral to the Regional Tax Commission. However, the latter will no doubt reduce the amount of the claim and order the consequent reimbursement of the taxes and relative interest already paid following the ruling overturned.
- Banca Akros - formal notification received in December 2021 relating to the alleged infringement of the transmission obligations to the Tax Authority envisaged by Article 1, of Italian Law Decree 167 of 1990 with the application of the minimum sanction envisaged by Art. 5, paragraph 1, for the amount of Euro 2.3 million. On 30 November 2022, the Office served a decision to impose penalties with which it rejected the defensive arguments made by the Bank and imposed a penalty of Euro 2.3 million against it. Considering the reasons contained in the decision to impose penalties contradictory and unfounded, on 30 January 2023, the Bank filed an appeal to the Milan Tax Court of first instance. A hearing was held on 23 October 2023 and no ruling has been filed yet.
- Banco BPM (former Banca Popolare Italiana Soc. Coop.) - notices of assessment relating to tax year 2005 regarding the claimed non-deductibility for IRES and IRAP purposes of costs and value adjustments to receivables relating to facts or actions classified as offences (regarding offences of false corporate reporting, obstacles to supervision and market turbulence alleged to have been committed by Banca Popolare Italiana with relation to the attempted takeover of Banca Antonveneta). The claims amount to Euro 199.8 million (including interest and tax collection fees). With separate judgements filed on 15 October 2014, the Provincial Tax Commission of Milan fully rejected the appeals submitted by the Bank, though not justifying in any way the rationale underlying the confirmation of the tax demand. Said judgement was appealed against before the Lombardy Regional Tax Commission. However, in 2015 the Commission rejected the joint appeals and confirmed the challenged judgements. A further appeal was submitted to the Supreme Court, which is still pending. A hearing has been scheduled on 22 March 2024.

The notices discussed above were followed by additional notices of assessment served on 22 December 2014 for the tax years 2006-2009. The claims contained in these notices also regard the claimed non-deductibility for IRES and IRAP purposes of the costs deemed attributable to facts or actions classified as offences. More specifically, they regard value adjustments on loans already disputed with reference to the fiscal year 2005. Said value adjustments, although recognised by Banca Popolare Italiana in its financial statements for 2005, were deductible on a straight-line basis over the following 18 financial years pursuant to the version in effect at the time of Art. 106, paragraph 3 of Italian Presidential Decree no. 917 of 22 December 1986. The notices of assessment served therefore charge the claimed non-deductibility of the portions of those adjustments to loans deducted in 2006, 2007, 2008 and 2009. Total claims amount to euro 15.8 million. An appeal has been presented to the Provincial Tax Commission. The Commission suspended the proceedings until the final judgement of the Supreme Court is passed on the notices of assessment relating to 2005, pursuant to the previous point. The claims illustrated, which amount to a total of Euro 215.6 million, were carefully assessed by the Bank in light of the negative rulings made in the courts of the first two instances. In that regard, it must firstly be noted that, in the parallel criminal proceedings initiated against the parties that signed the tax returns for the offence of inaccurate tax return (offense founded on the same charges contained in the notices of assessment in question), the judge issued a judgement of acquittal of the defendants “because there is no case to answer”. Even though the criminal proceedings are independent from the administrative disputes, which, thus, may conclude with a different result, it is noted that, in the operative part of the ruling, the criminal judge justified his decision using the arguments analogous to those formulated by the Bank in its defence in the appeals submitted in the administrative proceedings illustrated. Furthermore, an analysis of the order and the content of the ruling of the Regional Tax Commission shows that the Commission’s decision on the merits of the case contains no specific justification and is based on a mere reference to the Authority’s claims, with no express indication of the reasons for its decision not to accept the precise arguments laid out by Banco Popolare in support of its appeal. In the light of these analyses and considerations, on the basis that there are grounds to challenge the ruling as, in fact, all the defensive arguments regarding aspects of legitimacy not considered by the judges in the first and second instances can be submitted again to the court, on 18 December 2015, the afore-mentioned appeal was lodged with the Supreme Court. The in-depth analyses of the situation conducted with the support of the advisors assigned to draw up the appeal, as well as the additional opinions requested from other authoritative experts on the matter confirmed the belief that the claim of the Tax Authority is illegitimate and the possibility to finally see the defensive arguments considered and agreed with in the proceedings before the Supreme Court is unchanged. The same analyses were conducted by the Board of Directors to confirm the classification of the claim as a potential liability, as the risk of losing the lawsuit is possible but not probable. In light of the evaluations carried out, no provision has been recognised for the above contingent liabilities in the financial statements as at 30 June 2023.

- Banco BPM (former Banca Popolare di Novara) - receivables from IRPEG/ILOR for the 1995 financial year amounting to Euro 94.5 million, the recovery of which was refused by the Tax Authority (*Agenzia delle Entrate - Direzione Provinciale di Novara*). In the context of the legal action brought by the former Banca Popolare di Novara, both the Provincial and the Regional Tax Commissions had upheld the appeals lodged and had also ordered the Tax Authority to pay the legal costs. The Tax Authority appealed to the Supreme Court, which recently issued a judgment upholding the Tax Authority's appeal, thus sending the case back to the second instance judge for a new decision on the case. The Bank will file a new counter-appeal against the Supreme Court's decision.

Audits under way as at 30 June 2023

On 5 December 2019, as part of a wider tax audit of a company external to Banco BPM Group, the Financial Police launched an audit for the purposes of direct taxes and VAT of Banco BPM for the tax year 2017. The audit was suspended due to the emergency situation relating to the COVID-19 pandemic. As of today, the Financial Police has not provided any updates.

On 21 September 2022, the economic and financial police unit of the Financial Police initiated an audit of IRES and IRAP against Banca Akros and in order to verify the application of substitute tax pursuant to Presidential Decree 600/1973 for the 2016 tax period. The audit was completed on 19 January 2023. The report on findings made on that date did not raise any observations.

Audits commenced in 2023

On 24 January 2023, the Italian Tax Authority, Lombardy Regional Department, Large Taxpayers Office

initiated a tax audit of the Parent Company Banco BPM for IRES, IRAP, VAT and withholding tax obligations for the 2017 and 2018 tax periods. The audit was concluded on 21 September 2023 with the delivery of the audit report in which no substantive findings were made, with the exception of one regarding the tax treatment of a dividend received, against which the Authority will make a direct adjustment (amounting €1.7 million) to the Bank's 2018 tax losses without applying penalties.

On 21 June 2023, the Italian Tax Authority – Lombardy Regional Directorate – Office for large taxpayers notified the beginning of a tax audit on the Issuer's subsidiary Banca Akros in relation to the 2018 fiscal year in connection with direct taxes, IRAP, VAT and its obligations as withholding agent. The audit was concluded on 14 December 2023 with the delivery of the audit report in which no findings were made regarding the Bank.

On 11 July 2023, the Italian Tax Authority – Verona Provincial Directorate began a tax audit on the Issuer's subsidiary Tecmarket Servizio S.p.A. in relation to income tax, IRAP, VAT and taxes withheld relating to the 2020 fiscal year. The audit was concluded on 14 September 2023 with the delivery of the audit report in which no findings were made regarding the Bank.

Other provisions – other

This residual category of provisions amounts to a total of Euro 139.7 million as at 31 December 2022 and mainly includes allocations against the following liabilities:

- risks associated with disputes and claims, both pending and expected, associated with operations with customers and possible developments in the interpretation of certain regulations governing banking activities (Euro 45.3 million);
- estimate of probable reimbursements of fees consequent to the possible early termination of insurance policies by customers (Euro 21.1 million);
- risks associated with commitments undertaken as part of partnership agreements and guarantees granted against the disposal of interests or other assets or groups of assets (Euro 30.8 million);
- risks associated with guarantees given for sales of non-performing loans already finalised as at 31 December 2022 (Euro 17.2 million);
- charges relating to the restructuring of the distribution network (Euro 8.5 million).

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Corporate Governance System

The corporate governance of the Issuer is based on a traditional corporate governance system with a Board of Directors and a Board of Statutory Auditors.

The Board of Directors is responsible for the strategic supervision and management of the Issuer and carries out all of the ordinary or extraordinary transactions that prove necessary, useful or in any way appropriate for achieving the Issuer's corporate purpose, with the assistance of the Intra-Board Committees and the Co-General Managers.

The Board of Statutory Auditors is appointed by the shareholders' meeting based on a list of nominees. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list (in accordance with Article 35 of the By-laws).

Board of Directors

Pursuant to Article 24.1 of the By-laws, the Board of Directors is responsible for the strategic supervision and management of the Issuer.

The Board of Directors is composed of at least 15 directors, of whom at least eight must meet the independence requirements set out under Article 20.1.6 of the By-laws, without prejudice to any further requirement provided under applicable law.

The composition of the Board of Directors ensures, in accordance with applicable laws, including regulations, in force, the gender balance.

The members of the Board of Directors must be suitable for the performance of their duties, in accordance with the provisions of the legislation in force at the time and the By-laws and, in particular, they must possess the requirements of professionalism, honorability and independence and comply with criteria of competence, correctness and commitment of time and the specific limits on the accumulation of positions prescribed by the legislation in force at the time and by the By-laws.

Without prejudice to the provisions of Article 20.1, persons who fall under the cases of ineligibility or cessation from office under Article 2383 of the Italian Civil Code or do not meet the honorability and professionalism requirements set out in the applicable laws, including applicable regulatory provisions, may not be appointed to the office of Board member, and if appointed shall fall from office.

Without prejudice to any other causes of incompatibility provided for by the legislation in force at the time, persons who are or become members of administrative bodies or employees of companies that perform or belong to groups that perform activities in competition with those of the Issuer or its Group may not be appointed to the office, and if appointed, they shall forfeit their assignment, unless they are central institutions of the category or companies in which the Issuer has direct or indirect holdings. The above prohibition does not apply when participation in administrative bodies in other banks is taken on behalf of organizations or trade associations of the banking system.

The Board of Directors is appointed in accordance with the list voting system, in accordance with the provisions of Article 20.4 and following of the By-laws.

The Board of Directors appoints amongst its members a Chief Executive Officer, entrusted with certain attributions and powers of the Board of Directors in accordance with Article 2381, paragraph 2, of the Italian Civil Code.

Within the Board of Directors the following committees are also established: the Nomination Committee (composed of three members), the Remuneration Committee (composed of three members), the Internal Control, Risk and Sustainability Committee (composed of five members) and the Related Parties Committee (composed of three members), each comprising members entrusted with the necessary functions and roles, in accordance with Supervisory Provisions and the Code of Corporate Governance of Borsa Italiana S.p.A.

The current members of the Board of Directors of Banco BPM were appointed at the ordinary shareholders' meeting held on 20 April 2023 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of Banco BPM as of and for the year ending 31 December 2025:

Name	Principal Activities outside the Issuer	
Massimo Tononi (*) (Chairman)	Zambon S.p.A.	Director
Maurizio Comoli (*) (Deputy Chairman)	Herno S.p.A. Mirato S.p.A. MIL MIL 76 S.p.A. Vera Assicurazioni S.p.A. Vera Protezione S.p.A. Montura S.r.l.	Standing Auditor Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman Chairman Standing Auditor
Giuseppe Castagna (Chief Executive Officer)	Banca Aletti S.p.A.	Director
Mario Anolli (*) (Director)	Vera Vita S.p.A.	Chairman
Paolo Bordogna (*) (Director)	Bracca S.p.A. Fonti Pineta S.p.A.	Director Director

Name	Principal Activities outside the Issuer	
Paola Ferretti (*) (Director)	-	-
Marina Mantelli (*) (Director)	Banco BPM Vita S.p.A. Banco BPM Assicurazioni S.p.A.	Director Director
Chiara Mio (*) (Director)	OVS S.p.A. Corà Domenico & Figli S.p.A. Aquafil S.p.A.	Director Chairman Chairman
Alberto Olivetti (*) (Director)	REAM SGR S.p.A.	Director
Eugenio Rossetti (*) (Director)	Tinexta S.p.A. Infocert S.p.A. Co.Mark. S.p.A.	Director Director Director
Manuela Soffientini (*) (Director)	Electrolux Appliance S.p.A. Electrolux Italia S.p.A. Brembo S.p.A.	Chairman and Managing Director Chairman Independent Director
Luigia Tauro (*) (Director)	Prevention For You S.r.l.	Sole Director
Mauro Paoloni (*) (Director)	Unione Fiduciaria S.p.A. Banca Akros S.p.A.	Director Chairman
Nadine Farida Faruque (*) (Director)	Lottomatica S.p.A.	Independent Director
Paolo Boccardelli (*) (Director)	TIM S.p.A.	Director

(*) Independent member of the Board of Directors pursuant to article 20.1.6 of the by-laws and, consequently, pursuant to art. 148, paragraph 3 of the Italian Finance Act and the Code of Corporate Governance of Borsa Italiana S.p.A.

The business address of each member of the Board of Directors is at the registered office of Banco BPM, specifically Piazza Filippo Meda, No. 4, 20121, Milan, Italy.

Board of Statutory Auditors

The Board of Statutory Auditors carries out the tasks and exercises the functions set out in the relevant laws and regulations and by the company By-laws.

The Board of Statutory Auditors is composed of 5 standing and 3 alternate auditors who remain in office for three financial years. The term of office of the present members of the Board of Statutory Auditors is scheduled to expire on the date of the Shareholders' Meeting convened to approve the financial statements relating to the last financial year of their office and they may be re-appointed. Statutory Auditors must meet the eligibility, independence, professional and integrity requirements established by the laws and regulations in force at any given time.

The composition of the Board of Statutory Auditors ensures pursuant to applicable law and regulations in force the balance between the genders.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting based on list voting. The nomination mechanism requires that the Chairman of the Board of Statutory Auditors be drawn from the minority list.

The limits on the number of management and control positions held by members of the Board of Statutory Auditors, as established by Consob regulations and any other applicable provisions, shall apply to the members of the Board of Statutory Auditors.

Moreover: (i) Statutory Auditors may not hold offices in bodies other than those with control functions in other Group companies or in companies in which the Issuer holds, even indirectly, a strategic shareholding (even if not belonging to the Group); and (ii) candidates who hold the office of Director, manager or officer in companies or entities directly or indirectly engaged in banking activities in competition with those of the Issuer or the relative Group may not be elected, and if elected, they shall forfeit their assignment, unless they are professional bodies.

The current members of the Board of Statutory Auditors were appointed at the ordinary shareholders' meeting held on 20 April 2023 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of Banco BPM as of and for the year ending 31 December 2025:

Name	Principal Activities outside the Issuer	
Marcello Priori (Chairman of the Board of Statutory Auditors)	BPM Vita S.p.A.	Chairman of the Board of Statutory Auditors
	Banca Aletti S.p.A.	Standing Auditor
	BPM Assicurazioni S.p.A.	Chairman of the Board of Statutory Auditors
	Primonial Reim Italy S.p.A.	Chairman of the Board of Statutory Auditors
Maurizio Lauri (*) (Standing Auditor)	Corob S.p.A.	Chairman
	F2A S.r.l.	Chairman
	Officine CST S.p.A.	Chairman of the Board of Statutory Auditors
	ACEA S.p.A.	Chairman of the Board of Statutory Auditors
Nadia Valenti (*) (Standing Auditor)	Tirreno Power S.p.A.	Standing Auditor
	Banca Akros S.p.A.	Standing Auditor
Silvia Muzi (*) (Standing Auditor)	A2A S.p.A.	Chairman of the Board of Statutory Auditors
	Banco BPM Assicurazioni S.p.A.	Standing Auditor
	RAI WAY S.p.A.	Chairman of the Board of Statutory Auditors
	Esprinet S.p.A.	Standing Auditor
Elbano de Nuccio (*) (Standing Auditor)	Acquedotto Pugliese S.p.A.	Chairman of the Board of Statutory Auditors
	Cestaro & Rossi S.p.A.	Chairman of the Board of Statutory Auditors
	EOS Private Equity Holding 3 S.p.A.	Standing Auditor
	Eurofiere S.p.A.	Standing Auditor
Mario Tagliaferri (*) (Alternate Auditor)	Nerpharma S.r.l.	Chairman of the Board of Statutory Auditors
	Nerviano Medical Sciences S.r.l.	Chairman of the Board of Statutory Auditors
	Kilometro Rosso S.p.A.	Chairman of the Board of Statutory Auditors
	Alto Robotics S.p.A.	Chairman of the Board of Statutory Auditors

Name	Principal Activities outside the Issuer	
	Consorzio.it S.p.A.	Chairman of the Board of Statutory Auditors
	Crema Diesel S.p.A.	Chairman of the Board of Statutory Auditors
	Interpump Group S.p.A.	Standing Auditor
	Accelera S.r.l.	Standing Auditor
	Fondazione Ferrovie dello Stato	Standing Auditor
	Brembo S.p.A.	Standing Auditor
	Brembo SGL Carbon Ceramic Brakes S.p.A.	Standing Auditor
	Fine Food & Pharmaceutical N.T.M. S.p.A.	Standing Auditor
	Euro Cosmetic S.p.A.	Standing Auditor
	Marsilli S.p.A.	Standing Auditor
	Simis S.r.l.	Standing Auditor
	Trestudi S.r.l.	Director
	GOTHA Advisory S.p.A.	Director
Marina Scandurra (*) (Alternate Auditor)	ACEA ATO 5 S.p.A.	Standing Auditor
	ASM Terni S.p.A.	Chairman of the Board of Statutory Auditors
	Daimier Truck Financial Service Italia S.p.A.	Standing Auditor
	Fondazione Museo della Shoah - ETS	Standing Auditor
	Edison Next Government Napoli Scarl	Chairman of the Board of Statutory Auditors
	Italia Trasporto Aereo S.p.A.	Standing Auditor
	RAI Pubblicità S.p.A.	Standing Auditor
	Tecnoservizi S.r.l.	Sole Auditor
	Transmed S.p.A.	Standing Auditor
Sara Antonelli (*) (Alternate Auditor)	PTS Group S.p.A.	Chairman of the Board of Statutory Auditors
	ENVENT Italia SIM S.p.A.	Chairman of the Board of Statutory Auditors
	ADR Mobility S.r.l.	Standing Auditor
	PTS Credit Management mediazione creditizia S.p.A.	Standing Auditor
	BIG S.B. S.p.A.	Standing Auditor
	Elgea S.p.A.	Standing Auditor
	M.O.F. S.c.p.A.	Sole Auditor
	Free To X S.r.l.	Standing Auditor
	Logista Retail Italia S.p.A.	Standing Auditor
	Tecne Gruppo Autostrade Per l'Italia S.p.A.	Standing Auditor
	Tecne Speri Bridge Designers S.r.l.	Standing Auditor

(*) Independent member of the Board of Statutory Auditors pursuant to articles 33.4 and 20.1.6 of the by-laws and, consequently, pursuant to art. 148, paragraph 3 of the Italian Finance Act and the Code of Corporate Governance of Borsa Italiana S.p.A.

The business address of each member of the Board of Statutory Auditors is at the registered office of Banco BPM, specifically Piazza Filippo Meda, No. 4, 20121, Milan, Italy.

Directorate General

At its meeting of 20 December 2022, Banco BPM's Board of Directors defined the new structure of its General Management and top management. More specifically, the Chief Financial Officer (CFO) Co-General Management was established, the scope of the Chief Business Officer (CBO) Co-General Management was redefined, the new Corporate & Investment Banking (CIB) function was established and the position of Chief Risk Officer (CRO) was established. The new structure - which came into force on 1 January 2023 - promotes better coordination of

the Group's activities with respect to the path outlined in the 2021-2024 Strategic Plan and facilitates the governance of more complex areas in line with the evolution of the external scenario.

Currently, the two Co-General Managers, appointed by the Board of Directors are Mr. Domenico De Angelis and Mr. Edoardo Maria Ginevra.

Name	Principal Activities outside the Issuer	
Domenico De Angelis (Co-General Manager)	-	-
Edoardo Maria Ginevra (Co-General Manager)	Agos – Ducato S.p.A. Gardant Liberty Servicing S.p.A.	Director Chairman

The business address of the Co-General Managers is at the registered office of Banco BPM, specifically Piazza Filippo Meda, No. 4, 20121, Milan, Italy.

Conflicts of Interest

As of the date of this Base Prospectus, and to the knowledge of the Issuer, with regard to the members of the Board of Directors, Board of Statutory Auditors and the Co-General Managers of Banco BPM there are no conflicts of interest between any duties to the Issuer and their private interests and or other duties.

In the ordinary course of business, the members of the Board of Directors, Board of Statutory Auditors and the Co-General Managers of Banco BPM may hold positions in other companies of the Banco BPM Group as well as in companies which are not part of the Banco BPM Group, subject to the limitations set out in Article 36 of Legislative Decree no. 201 of 6 December 2011 (converted with amendments into Law no. 214 of 22 December 2011) on "Protection of competition and personal cross holdings" (Prohibition of Interlocking Directorates). As such, they may have interests that are in conflict with the tasks arising from their position at Banco BPM.

Members of the administrative, management or supervisory bodies of Banco BPM must comply with the following rules to regulate cases where there is a potential specific conflict of interest concerning the completion of a transaction:

- Article 136 of the Italian Consolidated Banking Act requires an authorisation procedure (a unanimous decision by the Board of Directors, excluding the vote of the interested member, and the favourable vote of all members of the Board of Statutory Auditors, without prejudice to the obligations provided for by the Italian Civil Code with regard to conflicts of interest of directors and transactions with related parties) to be followed in cases where the person performing administration, management and control functions enters into obligations of any nature or carries out acts of sale, directly or indirectly, with the bank that it administers, directs or controls;
- Article 2391 of the Italian Civil Code provides that directors must inform the other directors and the board of statutory auditors of any interest they may have, either on their own behalf or on behalf of third parties, in a specific Company transaction. If the director is the Chief Executive Officer of the Company, he must refrain from carrying out the transaction in question by submitting the matter to the Board of Directors;
- Article 2391-bis of the Italian Civil Code and the Consob Regulation implementing Resolution no. 17221 of 12 March 2010 and no. 17389 of 23 June 2010 require companies whose shares are listed or widely distributed to adopt special procedures to ensure the transparency and substantive and procedural fairness of transactions with related parties. In addition, on 12 December 2011, the Bank of Italy, in its role as Banking Supervisory Authority, issued special rules on risk activities and conflicts of interest with entities related to the implementation of resolution no. 277 of 29 July 2008 of the CICR (*Comitato Interministeriale per il Credito ed il Risparmio*). In accordance with these rules and international accounting standards, the Issuer has adopted specific "Rules for related parties" such as:
 - define the criteria for identifying related parties of Gruppo Banco BPM (the "related parties");
 - define the quantitative limits for the Banco BPM Group's assumption of- risk-weighted assets- of related parties and determine the calculation methods;

- establish the manner in which transactions with related parties are approved, distinguishing between transactions that are significant or not and define in this context, the role and tasks of an independent member of the Management Board, with the assistance of an independent expert;
- cases of exclusion and exemption for certain types of transactions with related parties;
- establish disclosure (and accounting) requirements in relation to related party transactions;
- Article 150 of the Italian Consolidated Law on Finance requires directors to report to the Board of Statutory Auditors promptly and at least quarterly on their activities and any other significant transactions carried out with the bank or its subsidiaries; in particular, directors are required to report on transactions in which they have an interest, either on their own behalf or on behalf of third parties, or which are influenced by the person exercising the activity of management and coordination;
- in compliance with the provisions of the Code of Corporate Governance of Borsa Italiana, Banco BPM has adopted measures aimed at ensuring that transactions in which an Exponent has an interest, on his own behalf or on behalf of third parties, and those carried out with Related Parties are carried out in a transparent manner and in compliance with criteria of substantial and procedural correctness.

MAJOR SHAREHOLDERS

Principal Shareholders

Pursuant to Article 120 of Italian Legislative Decree No. 58 of 24 February 1998, as amended (the “**Italian Finance Act**”), shareholders who hold more than 3% of the share capital of a listed company are obliged to notify that company and the Italian regulator CONSOB of their holding.

As at 12 March 2024, the significant shareholders of Banco BPM are the following (source: CONSOB):

	% of Ordinary Shares
Crédit Agricole SA.....	9.178
Capital Research and Management Company.....	4.988
Fondazione Enasarco.....	3.010”

Independent Auditors

PricewaterhouseCoopers S.p.A. has been appointed by the shareholders’ meetings of Banco Popolare and BPM held on 15 October 2016 as independent auditor of the consolidated and non-consolidated annual financial statements of Banco BPM for the period established by the law in force and for the review of its interim consolidated financial statements, pursuant to Article 13, first paragraph and Article 17, first paragraph, of Legislative Decree No. 39 of 2010.

PricewaterhouseCoopers S.p.A. is registered in the Register of the Statutory Auditors, in compliance with the provisions of Legislative Decree No. 39/2010 as implemented by the MEF (Decree No. 144 of 20 June 2012). The registered office of PricewaterhouseCoopers S.p.A. is in Piazza Tre Torri, 2, 20145 Milan, Italy.

Recent Developments

Approval by the shareholders’ meeting of Banco BPM of, inter alia, the 2022 Annual Financial Statements, the payment of a dividend of Euro 0.23 per share, the appointment of the Board of Directors and the Board of Statutory Auditors for the years 2023-2024-2025 and the purchase and disposal of own shares in service of the Banco BPM share-based payment plans

On 20 April 2023, the shareholders’ meeting of Banco BPM approved, inter alia, (i) the 2022 Annual Financial Statements; (ii) the distribution of a total dividend of Euro 348,491,888.98 equal to Euro 0.23 per share; and (iii)

the appointment of the Board of Directors and the Board of Statutory Auditors for the years 2023-2024-2025.

In this context, the shareholders' meeting of Banco BPM also approved the purchase and disposal of Banco BPM shares for a maximum total amount of Euro 5 million.

Launching of a project to enhance the payment business

On 18 April 2023 the Board of Directors of Banco BPM has resolved to proceed with a project to enhance the payments business aimed at defining a potential partnership with a leading market operator that shall focus on both Merchant Acquiring and POS management as well as on the Issuing and distribution of payment cards.

The guidelines for the partnership are expected to be as follows:

- signing of a long-term exclusive distribution agreement encompassing both the issuing and the merchant acquiring business;
- preservation of running commission levels;
- collection of an upfront component involving benefits also in terms of capital;
- introduction of mechanisms enabling the Bank to further extract value from prospective growth.

The Board of Directors has mandated the Chief Executive Officer to continue the ongoing interlocutions with the aim of identifying, by the first half of this year, the potential partner and to define a binding Term Sheet.

Recognition of financial conglomerate status

With its communication dated 7 March 2023, the European Central Bank recognised Banco BPM Group's status as a financial conglomerate pursuant to Directive 2002/87/EC, on the same basis as the main Italian and European financial groups operating in both the banking/investment services and insurance sectors. The ECB's decision grants the request submitted by Banco BPM following the acquisition of full control over the insurance companies Banco BPM Vita S.p.A. and Banco BPM Assicurazioni S.p.A., which took place in July 2022, and also involves the alignment of the supervisory activity performed by the Supervisory Authority to the overall activity carried out by the Group as a financial conglomerate.

Programme to purchase own shares

In implementing the resolution of the Ordinary Shareholders' Meeting of 7 April 2022 and by virtue of the authorisation issued by the European Central Bank, in February 2023, the Parent Company launched an additional programme for the purchase of own shares to support existing short- and long-term incentive plans. The programme was carried out in the period 28 February - 6 March 2023 with the purchase of 2,418,855 own shares (equal to 0.16% of outstanding ordinary shares) at the average unit price of 4.13 euro, for a total equivalent value of Euro 10 million. As a result of the above transactions, Banco BPM, taking into account the other own shares already in the portfolio, directly holds 8,578,335 own shares, equal to 0.56% of the share capital.

Exercise of the call option versus Cattolica Assicurazioni on 65% of the capital of Vera Vita and Vera Assicurazioni

On 29 May 2023, Banco BPM announced it has exercised the call option (the “**Call Option**”), provided for in the agreements signed in 2021 with Cattolica Assicurazioni, on 65% of the share capital of Vera Vita S.p.A. and Vera Assicurazioni S.p.A., respectively operating in the life and non-life businesses, in which Banco BPM already holds a 35% stake. Vera Vita, in turn, holds the entire share capital of Vera Financial DAC, an insurance company under Irish law, while Vera Assicurazioni holds 100% of the share capital of Vera Protezione S.p.A..

The transaction is part of the strategy to strengthen the Banco BPM Group's business model, which - in line with the Strategic Plan 2021-2024 - envisages the internalization of the “Life” insurance business, already initiated with the acquisition of the entire share capital of the company Banco BPM Vita from Covéa, and the activation of a strategic partnership with Crédit Agricole Assurances S.A. (“CAA”), a Crédit Agricole Group company, in the bancassurance, non-life/protection sectors.

The exercise price of the Call Option was defined, in accordance with the agreements with Cattolica Assicurazioni, based on the sum of the following:

- 65% of the companies' own funds as of 31 December 2022, net of T2 instruments, totaling Euro 332.5 million;
- a fixed component of Euro 60 million.

These elements lead to valuing the exercise price of the Call Option for the repurchase of both shareholdings at a

total of Euro 392.5 million, to which must be added 65% of the companies' operating income accrued from 1 January 2023 until the date of the closing.

The closing of the transaction with Cattolica Assicurazioni for the purchase of the 65% of Vera Vita and Vera Assicurazioni covered by the Call Option, to be finalized at the same time as the execution of the described agreements with CAA in the Non-Life/Protection sector, is indicatively expected during the last quarter of 2023, subject to the issuance of the prescribed legal authorizations by the competent Authorities.

Partial demerger of Banca Akros

As part of the reorganization of activities resulting from the definition of the new organisational and governance model announced 21 December 2022 and aimed at fostering a better coordination of Banco BPM Group activities, Banco BPM gave notice on 3 October 2023 that after having obtained ECB's authorisation, the plan for the partial demerger of Banca Akros S.p.A. ("**Banca Akros**") in favor of Banco BPM, prepared pursuant to Articles 2506-bis and 2501-ter of the Italian Civil Code (the "**Demerger Plan**") has been filed with the competent companies register. Banca Akros is the Group company specialising in Corporate and Investment Banking activities, wholly owned by Banco BPM. The partial demerger transaction - to be implemented with a simplified procedure pursuant to Articles 2505 and 2506-ter of the Italian Civil Code - provides for the assignment by Banca Akros in favor of Banco BPM of the business unit related to the "Proprietary Finance" activity, which shall allow the specialisation (i) of the Parent Company in the management of proprietary portfolios and the issuance of financial instruments; and (ii) of Banca Akros in the Investment Banking, Brokerage and Sales activities. The transaction, which is part of a project to simplify the business model within the Banco BPM Group through the simplification and strengthening of certain strategic areas, is not expected to entail any significant impact on the Group's consolidated capital adequacy and risk concentration.

Effectiveness of partial demerger of Banca Akros S.p.A. in favour of Banco BPM

As of 1 January 2024, the partial demerger of Banca Akros S.p.A. ("Banca Akros") in favour of Banco BPM became effective.

As a result of the demerger, Banco BPM has replaced Banca Akros, both in the role of issuer and in the role of specialist, with reference to all the financial instruments issued by the latter as of 1 January 2024 that were part of the business unit related to the proprietary finance business and included in the relevant demerger project.

Credit ratings assigned to the Issuer

As at the date of this Base Prospectus the credit rating agencies Moody's Investors Service ("**Moody's**") through Moody's France SAS, Fitch Ratings ("**Fitch**") through Fitch Ratings Ireland Limited, DBRS Morningstar ("**DBRS**") through DBRS Ratings GmbH and S&P Global Ratings ("**S&P**") through S&P Global Ratings Europe Limited assigned to Banco BPM the following ratings:

DBRS Morningstar	Rating
Long-term Deposits / Trend	BBB (high) / Stable ⁽¹⁾
Short-term Deposits / Trend	R-1 (low) / Stable ⁽²⁾
Long-term Senior debt and Long-term Issuer Rating / Trend	BBB / Stable ⁽³⁾
Short-term Debt and Short-term Issuer Rating / Trend	R-2 (high) / Stable ⁽⁴⁾

⁽¹⁾ BBB (high) / Stable: Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

⁽²⁾ R-1 (low) / Stable: Good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favorable as higher rating categories. May be vulnerable to future

events, but qualifying negative factors are considered manageable.

⁽³⁾ BBB / Stable: Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

⁽⁴⁾ R-2 (high) / Stable: Upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

DBRS is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended and appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>

Fitch Ratings	Rating
Long-term Issuer Default Rating (IDR)/Outlook	BBB- / Stable ⁽¹⁾
Short-term IDR	F3 ⁽²⁾
Viability Rating (VR)	bbb- ⁽³⁾
Long-term deposit rating	BBB ⁽⁴⁾
Short-term Deposit Rating	F3 ⁽⁵⁾

⁽¹⁾ BBB - / Stable: expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

⁽²⁾ F3: adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union.

⁽³⁾ bbb-: good prospects for ongoing viability. The financial institution's fundamentals are adequate, such that there is a low risk that it would have to rely on extraordinary support to avoid default. However, adverse business or economic conditions are more likely to impair this capacity.

⁽⁴⁾ BBB: expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

⁽⁵⁾ F3: adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union.

Fitch Ratings is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended and appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Moody's Investor Service	Rating
Long-term Deposit rating (Outlook)	Baa1 (Stable) ⁽¹⁾
Long-term Senior Debt and Long-term Issuer Rating (Outlook)	Baa2 (Stable) ⁽²⁾

Short-term Deposit rating	P-2 ⁽³⁾
Baseline Credit Assessment	baa3 ⁽⁴⁾

⁽¹⁾ Baa1 (Stable): medium grade, with some speculative elements and moderate credit risk.

⁽²⁾ Baa2 (Stable): subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.

⁽³⁾ P-2: strong ability to repay short-term obligations.

⁽⁴⁾ baa3: subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.

Moody's Investor Service is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended and appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Standard & Poor's	Rating
Long-term Issuer Credit Rating / Outlook	BBB- / Positive ⁽¹⁾
Short-term Issuer Credit Rating	A-3 ⁽²⁾

⁽¹⁾ BBB- / Positive: adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

⁽²⁾ A-3: adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Standard & Poor's is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended and appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Basis for any statements made by the issuer regarding its competitive position

The information relating to the Issuer's competitive position referred to in the section "*Description of the Issuer and the Group*" is based on and on the information and data derived from the Issuer annual financial statements for the financial year 2022.

TREND INFORMATION

Any material adverse change in the prospects of the issuer and any significant change in the financial performance of the Group

The issuer confirms that since 31 December 2022, which is the date of its last published audited financial statements, there has not been any material adverse change in the prospects of the issuer, considering the potential direct and indirect risks that are discussed in the section "*Risk Factors*" at pages 14-15 in relation to the spread of

Covid-19, the Russia-Ukraine and Middle East conflicts, and their related negative impact on the economy.

The Issuer also confirms that since 30 June 2023, which is the end date of the last financial period for which financial information has been published to the date of this Base Prospectus, there has not been any significant change in the financial performance of the Issuer.

Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year

The Issuer is not aware of any information on any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects, save for what has been disclosed in relation to Covid-19, the Russia-Ukraine and Middle East conflicts and their related macro-economic and sectorial impacts. In addition, uncertainties regarding the economic forecasts in relation to the eurozone have been recently exacerbated by the turmoil within financial markets caused by the collapse of some medium-sized American banks and the resolution of the Credit Suisse Group in Europe.

In light of the above, with reference to the Group's operational trend in 2023 and over the first few months of 2024, the surrounding context inevitably continues to be a relevant influencing factor, also considering the abrupt change to the macroeconomic scenario caused by the crisis of the international banking system, the enduring Russia-Ukraine conflict, in relation to which, however, no significant consequences linked to the Group's direct exposure to said countries are expected, and by emergence of the Middle East conflict. Despite there being signs of a first slowdown of inflationary pressure, the current uncertainties of the macroeconomic context, the continuation of the Russia-Ukraine conflict and the concerns stemming from the israeli-palestinian hostilities are weighing on the global economic conditions and, therefore, it is not possible to exclude any potential negative effects on the Group.

PROFIT FORECASTS OR ESTIMATES

On 8 February 2024, the Issuer published on its website the 2023 Results Press Release concerning the approval by the Issuer's Board of Directors of its consolidated financial results as of 31 December 2023. However, as the annual and consolidated financial statements as of 31 December 2023 have not yet been approved by the Issuer's general meeting of shareholders, together with the auditors' reports, certain information included in the 2023 Results Press Release may be qualified as profit estimates.

Such information has been prepared based on the Issuer's financial reporting process and in accordance with the IAS/IFRS accounting principles as issued by the International Accounting Standard Board (IASB) – and their related interpretation by the International Financial Reporting Interpretations Committee (IFRIC) – endorsed by the European Commission and in force as of 31 December 2023. Such standards are aligned with those adopted for the preparation of the consolidated financial statements as of 31 December 2022, with the additions that have become necessary in connection with the application of IFRS 17 on insurance contracts and with the reorganisation of the bancassurance segment.

It should also be noted that the application of certain accounting standards necessarily involves the use of estimates and assumptions that affect the value of assets and liabilities recorded in the balance sheet. The assumptions underlying the estimates made consider all information available at the date of preparation of the financial statements as of 31 December 2023, as well as the assumptions that have been considered reasonable, including in light of historical experience. Such profit estimates have been compiled and prepared on a basis which is: comparable with the historical financial information and consistent with the Issuer's accounting policies.

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

The financial information of the Issuer is included within the documents incorporated by reference to this Base

Prospectus, pursuant to Art.19 of the Prospectus Regulation (see “*Documents incorporated by reference*”).

PricewaterhouseCoopers S.p.A.’s audit reports on the Issuer’s financial statements for the financial year ended on 31 December 2021 was issued without qualification or reservation.

PricewaterhouseCoopers S.p.A.’s audit reports on the Issuer’s financial statements for the financial year ended on 31 December 2022 was issued without qualification or reservation.

Selected Consolidated Financial Data

Financial information – Incorporation by reference

The information set out in this Base Prospectus in relation to the Group has been derived from, and should be read in conjunction with, and is qualified by reference to:

- (a) the audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2021 (the “**2021 Annual Financial Statements**”), which were audited by PricewaterhouseCoopers S.p.A;
- (b) the audited consolidated annual financial statements of Banco BPM as at and for the year ended 31 December 2022 (the “**2022 Annual Financial Statements**”), which were audited by PricewaterhouseCoopers S.p.A;
- (c) the unaudited consolidated interim financial report as at and for the six months ended 30 June 2023 (the “**2023 Consolidated Interim Financial Report**”) and;
- (d) the press release issued on 8 February 2024 on the consolidated results of Banco BPM as at and for the year ended 31 December 2023 (the “**2023 Results Press Release**”).

that are incorporated by reference into this Base Prospectus.

So long as any of the Securities remain outstanding, copies of the above-mentioned consolidated financial statements and press releases will be made available during normal business hours at the registered office of the Issuer, in each case free of charge.

The statistical information presented in the following tables have been extracted from the Group report on operations included in the Issuer’s consolidated 2022 annual report. Such information has not been audited.

Group financial highlights

<i>(in millions of Euro)</i>	31 December 2022	31 December 2021
Reclassified income statement figures		
Financial margin	2,471.9	2,273.6
Net fee and commission income	1,887.3	1,911.2
Operating income	4,705.5	4,510.7
Operating expenses	(2,539.4)	(2,515.8)
Profit (loss) from operations	2,166.1	1,995.0
Profit (loss) before tax from continuing operations	1,311.5	921.0
Parent Company’s net profit (loss) for the year	702.6	569.1

<i>(in millions of Euro)</i>	31 December 2022	31 December 2021
Balance sheet figures		
Total assets	189,685.9	200,489.2
Loans to customers (net)	109,455.0	109,383.4
Financial assets and hedging derivatives	43,093.5	36,326.4
Group shareholders’ equity	12,769.6	13,095.0
Customers’ financial assets		
Direct funding	120,639.1	120,213.0
Indirect funding	95,029.1	102,187.9

<i>(in millions of Euro)</i>	31 December 2022	31 December 2021
- Asset management	59,408.7	65,347.9
- Mutual funds and SICAVs	39,916.6	45,762.8
- Securities and fund management	3,969.4	4,135.1
- Insurance policies	15,522.7	15,449.9
- Administered assets	35,620.4	36,840.1
- Administered assets without protected capital certificates	31,919.1	33,719.4
Information on the organisation		
Average number of employees and other staff ^(*)	19,278	19,949
Number of bank branches	1,504	1,508

^(*) Weighted average of full-time equivalent personnel calculated on a monthly basis. This does not include the Directors and Statutory Auditors of Group Companies.

Financial and economic ratios and other Group figures

	31 December 2022	31 December 2021
Alternative performance measures		
Profitability ratios (expressed in percentages)		
Return on equity (ROE) ⁽¹⁾	6.58%	4.98%
Return on tangible equity (ROTE) ⁽²⁾	7.39%	5.50%
Return on assets (ROA) ⁽³⁾	0.37%	0.28%
Financial margin / Operating income	52.53%	50.40%
Net fee and commission income / Operating income	40.11%	42.37%
Operating expenses / Operating income	53.97%	55.77%
Operational productivity figures (expressed in thousands of euro)		
Loans to customers (net) per employee ⁽⁴⁾	5,677.6	5,483.1
Operating income per employee ⁽⁴⁾	244.1	226.1
Operating expenses per employee ⁽⁴⁾	131.7	126.1
Credit risk ratios (expressed in percentages)		
Net bad loans/Loans to customers (net)	0.66%	0.83%
Unlikely to pay/Loans to customers (net)	1.44%	2.11%
Net bad loans/Shareholders' equity	5.64%	6.92%
Texas Ratio ⁽⁵⁾	20.30%	27.16%
Other ratios		
Financial assets and hedging derivatives / Total assets	22.72%	18.12%
Total derivatives/Total assets	2.34%	1.06%
- trading derivatives/total assets	1.44%	1.00%
- hedging derivatives/total assets	0.91%	0.06%
Net trading derivatives ⁽⁶⁾ /Total assets	0.03%	0.02%
Net loans/Direct funding	90.73%	90.99%
Regulatory capitalisation and liquidity ratios		
Common equity Tier 1 ratio (CET1 capital ratio) ⁽⁷⁾	14.32%	14.68%
Tier 1 capital ratio ⁽⁷⁾	16.62%	16.52%
Total capital ratio ⁽⁷⁾	19.58%	19.59%
Liquidity Coverage Ratio (LCR)	191%	209%
Leverage ratio	5.21%	5.92%
Banco BPM stock		
Number of outstanding shares	1,515,182,126	1,515,182,126
Official closing prices of the stock		
- Final	3.334	2.640
- Maximum	3.630	3.040
- Minimum	2.268	1.781
- Average	2.877	2.542
Basic EPS	0.464	0.375
Diluted EPS	0.464	0.375

⁽¹⁾ Calculated as the ratio of net profit (loss) for the year to shareholders' equity excluding the profit (loss) for the year and AT1 equity instruments. The figure for the previous year has been restated to ensure a like-for-like comparison.

- ⁽²⁾ Calculated as the ratio of net profit (loss) for the year to shareholders' equity, determined by excluding the profit for the year, ATI equity instruments and intangible assets, net of the related tax effects, from shareholders' equity.
- ⁽³⁾ Calculated as the ratio of profit (loss) for the year to total assets.
- ⁽⁴⁾ Arithmetic average calculated on a monthly basis in terms of full-time equivalent resources, as shown in the previous table. Does not include the Directors and Statutory Auditors of Group Companies.
- ⁽⁵⁾ Calculated as the ratio between the net value of non-performing loans and the tangible shareholders' equity of the Group, determined by excluding intangible assets from the book value of shareholders' equity, net of the related tax effects.
- ⁽⁶⁾ The aggregate of net trading derivatives corresponds to the mismatch, in absolute terms, between the derivatives included under the Balance Sheet item 20 a) of assets, "Financial assets at fair value through profit and loss - held for trading", and item 20 of liabilities, "Financial liabilities held for trading".
- ⁽⁷⁾ Ratios calculated including the profit (loss) for the year and deducting the amount of the dividend and other allocations.

Alternative Performance Measures

In order to better evaluate the Issuer's financial management performance based on the consolidated financial statements of Banco BPM for the years ended 31 December 2022 and 2021, the 2023 Consolidated Interim Financial Report and the 2023 Results Press Release, the management has identified several Alternative Performance Measures ("APMs"). Management believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the Issuer, because they facilitate the identification of significant operating trends and financial parameters. This Base Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority (ESMA) of 5 October 2015 (ESMA/2015/1415), applicable as of 3 July 2016, which are used by the management of the Issuer to monitor the Issuer's financial and operating performance:

- "Cost/income ratio" is calculated as the ratio between reclassified operating expenses and reclassified operating income;
- "Payout ratio" is calculated as the ratio between the amount of the proposed dividends to be distributed and the amount of net profit;
- "Dividend yield" is calculated as the ratio between the amount of the proposed dividend per share and the average price of Banco BPM share;
- "Core Total Income" or "Revenues from Core Banking Business" or "Core revenues" are calculated as the sum of "net interest income", "net fees and commissions" "income/loss from investments in associates carried at equity" and "income from insurance business"¹;
- "Direct funding from customers" includes deposits and current accounts and demand and term deposits, bonds issued, certificates of deposit and other securities, loans and other debts, and capital-protected certificates. Repurchase agreements are not included;
- "Core direct funding" is calculated as the sum of current accounts and deposits;
- "Indirect funding net of protected capital certificates" is calculated as the aggregate of indirect funding (managed assets and administered assets) net of deposits underlying protected capital certificates;
- "Core net performing loans" is calculated as the sum of mortgages, loans, current accounts and personal loans;
- "Net interest income excluding write-down of interest on a number tax credits" is calculated as the difference between net interest income of the period excluding the impact of the write-down of interest on some tax credits accounted for in previous years;
- "Net financial result excluding the effect of the change in own credit risk" is calculated as the difference between net financial result and the impact (positive or negative) of the change in own credit risk on the valuation of the certificates issued by the Group;

¹ As a result of the line-by-line consolidation of insurance companies, as of 30 September 2022, the aggregate also includes the item Net income from insurance business.

- “Operating expenses excluding insurance company charges and non recurring items” is calculated as the difference between the amount of the operating expenses, excluding insurance company charges, compared to the previous period (both items net of non recurring components);
- “Personnel expenses excluding insurance company charges and non recurring items” is calculated as the difference between the amount of the personnel expenses, excluding insurance company charges, compared to the previous period (both items net of non recurring components);
- “Change in personnel expenses net of non recurring components” is calculated as the difference between the amount of the personnel expenses, excluding non recurring components, compared to the previous period;
- “Change in personnel expenses excluding insurance company charges net of non recurring items” is calculated as the percentage variation of the amount of the personnel expenses, excluding insurance company charges, compared to the previous period (both items net of non recurring components);
- “Change in other administrative expenses excluding insurance company charges” is calculated as the percentage variation of the amount of the other administrative expenses, excluding insurance company charges, compared to the previous period;
- “Net NPE Ratio” is calculated as the ratio between net non-performing exposures and total net exposures related to the balance sheet items of "Loans to customers" measured at amortised cost";
- “Net NPE Ratio (EBA methodology)” is calculated in accordance to the methodology used by EBA for the presentation of data in the context of the EU Transparency Exercise;
- “Gross NPE Ratio” is calculated as the ratio between gross non-performing exposures and total gross exposures related to the balance sheet items of “Loans to customers” measured at amortised cost;
- “Gross NPE Ratio Adjusted” is calculated as the ratio between gross non-performing exposures and total exposures related to the balance sheet items of Loans to customers measured at amortised cost (both excluding the amount relating to disposals of portfolio finalised/approved);
- “Gross NPE Ratio (EBA methodology)” is calculated in accordance to the methodology used by EBA for the presentation of data in the context of the EU Transparency Exercise;
- “Cost of risk” or “Cost of credit” is calculated as the ratio between net adjustments on loans to customers and net receivables from customers;
- “Cost of risk or cost of credit (normalised or adjusted or excluding non-core components)” is calculated as the ratio of net adjustments on loans excluding the impact resulting from the non-recurring economic components or the estimate of all the adjustments to loans not considered structural) to net loans to customers;
- “Normalised (or Adjusted) loan loss provisions” is calculated as loan loss provisions net of the non-recurring economic components relating to changes in the non-performing loan management strategy/sales of portfolios finalised during the year/estimate of all the other adjustments not considered structural;
- “Coverage of bad loans” is calculated as the ratio between the amount of cumulated net adjustments on bad loans and the gross amount of bad loans;
- “Coverage of unlikely to pay loans” is calculated as the ratio between the amount of cumulated net adjustments on unlikely to pay loans and the gross amount of unlikely to pay loans;
- “Coverage of past due exposures” is calculated as the ratio between the amount of cumulated net adjustments on past due exposures and the gross amount of past due exposures;
- “Coverage of total non-performing exposures” is calculated as the ratio between the amount of cumulated net adjustments on total non-performing exposures and the gross amount of total non-performing exposures;

- “Coverage of total performing exposures” is calculated as the ratio between the amount of cumulated net adjustments on total performing exposures and the gross amount of total performing exposures;
- “Texas ratio” is calculated as the ratio of the net value of non-performing loans to the tangible shareholders’ equity of the Group, determined by excluding intangible assets from the book value of shareholders’ equity, net of the related tax effects;
- “Adjusted Profit/(loss) before tax from continuing operations” is calculated as income (loss) before tax from continuing operations net of the non-recurring economic components;
- “Normalised (or Adjusted) net income (or profit)” is calculated as net income (or net profit) net of the non-recurring economic components;
- “ROE (Return on Equity)” is calculated by dividing the amount of the net income for the year by Shareholders' equity (excluding the profit (loss) for the year and AT1 equity instruments);
- “ROA (Return on Assets)” is calculated by dividing the amount of the net income for the year excluding total assets;
- “ROTE (Return on tangible equity)” is calculated as the ratio between the amount of the net profit (loss) for the year to shareholders' equity, determined by excluding the profit for the year, AT1 equity instruments and intangible assets, net of the related tax effects, from shareholders' equity;
- “Financial margin/Operating income” is calculated as the ratio of Financial margin to Operating income;
- “Net fee and commission income/Operating income” is calculated as the ratio of Net fee and commission income to Operating income;
- “Loans to customers (net) per employee” is calculated as the ratio between the net amount of Loans to customers and the Arithmetic average number of employees and other staff;
- “Operating income per employee” is calculated as the ratio between the Operating Income and the Arithmetic average number of employees and other staff;
- “Operating Expenses per employee” is calculated as the ratio between the Operating Expenses and the Arithmetic average number of employees and other staff;
- “Net bad loans/Loans to customers (net)” is calculated by dividing the net amount of bad loans by the net amount of loans to customers;
- “Unlikely to pay/Loans to customers (net)” is calculated by dividing the net amount of unlikely to pay by the net amount of loans to customers;
- “Net bad loans/Shareholders’ equity” is calculated by dividing the net amount of bad loans by the amount of Shareholders’ equity;
- “Financial assets and hedging derivatives/Total assets” is calculated by dividing the amount of financial assets and hedging derivatives by total assets;
- “Total derivatives/Total assets” is calculated as the ratio between Derivative assets (sum of hedging and trading derivatives) and total assets;
- “Trading derivatives/total assets” is calculated as the ratio between the amount of the derivatives included under Balance Sheet item 20 a) of assets, “Financial assets designated at fair value through profit and loss - held for trading” by total assets;
- “Hedging derivatives/total assets” is calculated as the ratio between the amount of Balance Sheet item 50. of assets “Hedging derivatives” by total assets;
- “Net trading derivatives/Total assets” is calculated as the ratio between Net trading derivatives (mismatch, in absolute terms, between the derivatives included under Balance Sheet item 20 a) of assets, “Financial

assets designated at fair value through profit and loss - held for trading”, and item 20. of liabilities, “Financial liabilities held for trading”) and total assets;

- “Net loans/Direct funding” is calculated by dividing the amount of net loans to customers by direct funding.

It should be noted that:

- the APMs are based exclusively on historical data of the Issuer and are not indicative of future performance;
- the APMs are not derived from IFRS and, while they are derived from the consolidated financial statements of Banco BPM prepared in conformity with these principles, they are not subject to audit;
- the APMs are non-IFRS financial measures and are not recognised as measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles;
- the above-mentioned APMs are calculated on the basis of the reclassified financial statements, unless otherwise specified, and should be read together with the financial information of Banco BPM for the periods ended on 31 December 2022, 31 December 2021 and 31 March 2023 taken from the 2022 Annual Financial Statements, the 2021 Annual Financial Statements and the results as at 31 March 2023, respectively;
- since not all companies calculate APMs in an identical manner, the presentation of Banco BPM may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on these data;
- the APMs and definitions used herein are consistent and standardised for the period for which financial information in this Prospectus is included.

The economic components of a non-recurring nature are illustrated, in accordance with the indications of Consob Communication no. DEM/6064293 of 28 July 2006, in the Group’s Report on Operations in the 2022 Annual Financial Statements (pages 45-46), in the Group’s Report on Operations in the 2021 Annual Financial Statements (pages 41-43), in the Interim Report on Operations in the 2023 Consolidated Interim Financial Report (pages 30-31) and in Note no. 5 “Non-recurring items in the income statement of Gruppo Banco BPM” of the 2023 Results Press Release, all incorporated by reference in this Base Prospectus.

Credit quality

<i>(in millions of Euro) (*)</i>	31 December 2022		31 December 2021	
	Net exposure	% impact	Net exposure	% impact
Bad loans	720.6	0.7%	906.5	0.8%
Unlikely to pay	1,574.8	1.4%	2,309.4	2.1%
Non-performing past-due exposures	60.1	0.1%	44.6	0.0%
Non-performing loans	2,355.5	2.2%	3,260.5	3.0%
Performing exposures	107,099.5	97.8%	106,122.9	97.0%
Total loans to customers	109,455.0	100.0%	109,383.4	100%

(*) The chart sets forth credit quality information in respect of the assets of the Group accounted at amortised cost only.

In December 2022, the Issuer completed a significant and complex restructuring transaction of impaired credit exposures attributable to a leading real estate group, with the aim of pursuing an active management of the properties underlying the aforementioned exposures through the support of a specialised partner and the provision of new financing aimed at the development of the properties by third parties. The transaction, known as the “Project Wolf”, is described in the notes to the 2022 Annual Financial Statements on pages 203-204, which is incorporated by reference in this Base Prospectus. As a result of the transaction, at 31 December 2022 the new restructured loans were classified in the accounting portfolio “Financial assets mandatorily measured at fair value” and recognised in the balance sheet with a total value of Euro 219 million. The aforementioned loans were classified for prudential purposes as “non-impaired exposures” as it was considered that the

restructuring operation did not represent an ordinary lending operation given the exceptional nature of the transaction, which resulted in a change in the ownership and control structure of the initiative and a significant improvement in the overall situation of the client. On page 373 of the 2022 Annual Financial Statements, it was also noted that, at the time of preparation of the 2022 Annual Financial Statements, the interpretation underlying the classification as “non-impaired exposures” was subject to ongoing discussions with the ECB. The subject of the ECB's review was exclusively the classification of the exposures for regulatory purposes, without prejudice to the classification for accounting purposes and measurement of the exposures in the 2022 Annual Financial Statements, as the different regulatory classification has no impact on the determination of their fair value.

Following the publication of the 2022 Annual Financial Statements, the ECB completed its assessment and notified the Issuer that, from a prudential point of view, the completed restructuring transaction constitutes a forbearance measure against. Therefore, the Issuer could not change the classification of the exposure, which should remain as a “non-performing loan”. In line with such assessment, the Bank has reinstated the prudential classification of the loans concerned as “non-performing loans” with effect from 31 March 2023.

Capital Requirements for the Group

On 8 December 2023, Banco BPM announced that it had received from the European Central Bank (ECB) the notification of the prudential decision on the minimum capital ratios to be complied with by Banco BPM on an ongoing basis for 2024. The decision is based on the supervisory review and evaluation process (SREP) conducted in compliance with Article 4(1)(f) of Regulation (EU) No. 1024/2013.

Therefore, in compliance with Article 16(2)(a) of the same Regulation (EU) No. 1024/2013, which confers on the ECB the power to require supervised banks to hold own funds in excess of the minimum capital requirements laid down by current regulations, the ECB determined a “Pillar 2 Requirement” of 2.52% for 2024.

Taking the above into account, the requirements set out for other systemically important institutions (equal to 0.50% for 2024, which reflects the EBA Guidelines and takes into account the European Central Bank's new methodology for assessing the appropriateness of capital buffers for O-SIIs proposed by national authorities), the capital conservation buffer (equal to 2.50%) and the countercyclical capital buffer established by the competent national authorities for exposures to countries in which the Group operates (equal to 0.04%), the Banco BPM Group was required to comply with the following capital ratios at consolidated basis for 2024:

CET1 ratio: 9.07%;

Tier 1 Capital ratio: 11.00%; and

Total Capital ratio: 13.56%.

Such CET1 requirement includes:

- A Pillar I minimum capital requirement of 4.50%;
- A Pillar II capital requirement of 1.53%, of which 0.27% to be derived from the so called “calendar provisioning shortfall”, to be entirely charged to the Common Equity Tier 1; such component having been reduced compared to that calculated for the preceding year (which was equal to 0.32%) and being attributed to the Common Equity Tier 1 by a percentage of 100%, while for 2023 the same percentage was limited to 56.25%;
- A capital conservation buffer reserve of 2.50%;
- An O-SII buffer reserve of 0.50%, increased from the value of 0.25% for the preceding year, due to the adoption by the Bank of Italy of a new calculation method;
- A counter-cyclical conservation buffer of 0.04%.

Furthermore, the additional requirements that Banco BPM must meet are as follows: (i) Tier 1 capital ratio of 11.00%; and (ii) Total Capital ratio of 13.56%. The Banco BPM Group satisfied all the assigned prudential requirements, with capital ratios on a stated basis that were as follows as at 30 September 2023: (i) CET1 ratio of 14.33%, (ii) Tier 1 ratio of 16.70% and (iii) Total Capital ratio of 19.68%.

Accounting Standards

The financial statements of the Issuer have been prepared in accordance with the international accounting standards IAS/IFRS issued by the International Accounting Standard Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission, as established by Community Regulation no. 1606 of 19 July 2002, in implementation of Italian Legislative Decree no. 38 of 28 February 2005.

Litigation

Save as described under “*Description of the Issuer – Legal Proceedings of the Group – Ongoing Legal and Administrative Proceeding*”, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Significant or Material Change

The COVID-19 pandemic, the Russia-Ukraine and Middle East conflicts, have significantly increased the uncertainties in the economy and the financial markets, as discussed in “*Risks related to the impact of global macro-economic factors, the consequences arising from the continuation of the Russia-Ukraine conflict and the onset of the Middle East conflict, and the impact of the geopolitical environmental in general*” at pages 14-15 of this Base Prospectus. Except for the potential direct and indirect impact of the COVID-19 pandemic and of the on-going conflicts indicated above, there has been no significant change in the financial position of the Issuer since 30 June 2023.

ADDITIONAL INFORMATION

Share capital

Pursuant to Article 6 of the By-laws, the subscribed and paid-up share capital of the Issuer is Euro 7,100,000,000 and is represented by 1,515,182,126 ordinary shares without nominal value.

Memorandum and Articles of Association

The Issuer was incorporated as a joint stock company on 13 December 2016.

The current Articles of Association were registered with the Milan Company Register Office on 7 April 2022.

The purpose of the Issuer, pursuant to Article 4 of the By-laws, is to collect savings and provide loans in various forms, both directly and through subsidiaries. In compliance with applicable regulations and after obtaining the necessary authorisations, the Issuer may carry out, directly or through its subsidiaries, all banking, financial and insurance transactions and services, including the establishment and management of open or closed-end pension schemes, and other activities that may be performed by lending institutions, including the issuance of bonds, the exercise of financing activities regulated by special laws and the sale and purchase of company receivables.

The Issuer may carry out any other transaction that is instrumental or in any way related to the achievement of its corporate purpose. To pursue its objectives, the Issuer may adhere to associations and consortia of the banking system, both in Italy and abroad.

In its capacity as parent company of the Group, pursuant to the laws from time to time in force, including Article 61, paragraph 4, of the Italian Banking Act, in exercising the activity of direction and coordination the

Issuer issues guidelines to the Group members, also for the purpose of executing instructions issued by the regulatory authorities and in the interest of the stability of the Group.

MATERIAL CONTRACTS

As at the date of this Base Prospectus, there are no contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Group member being under an obligation or an entitlement that is material to the Issuer's ability to meet its obligations to Securityholders in respect of the Securities.

REGULATORY

The Banco BPM Group is subject to extensive regulations and to the supervision (being for regulatory, information or inspection purposes, as the case may be) by the Bank of Italy, CONSOB and IVASS with respect to its bancassurance operations.

Capital and Liquidity Requirements

Following the crisis of the financial markets in the last several years, the Basel Committee on Banking Supervision approved a number of capital adequacy and liquidity requirements (“**Basel III**”), aimed at strengthening the existing capital rules, including raising the quality of CET1 capital in a harmonised manner, introducing also requirements for Additional Tier 1 (“**AT1**”) and Tier 2 capital instruments.

At a European level, the Basel III rules have been implemented through two separate legislative instruments: Directive 2013/36/EU of 26 June 2013 (the “**CRD IV**”) and Regulation (EU) No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**” and, together with the CRD IV, the “**CRD IV Package**”), whose provisions are directly binding and applicable in each member state. The CRD IV and the CRR were approved by the European Council on 20 July 2013 and entered into force on 1 January 2014. Furthermore, on 14 March 2016 the European Central bank (“**ECB**”) adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions available in Union law, published on 24 March 2016 and the ECB Guide on options and discretions available in Union law (the “**ECB Guide**”). This regulation specifies certain of the options and discretions conferred on competent authorities under Union law concerning prudential requirements for credit institutions that the ECB is exercising. It shall apply exclusively with regard to those credit institutions classified as “significant” in accordance with Article 6(4) of Regulation (EU) No 1024/2013, and Part IV and Article 147(1) of Regulation (EU) No 468/2014. Depending on the manner in which these options or discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise such options or discretions in the future, additional or lower capital requirements may be required. Moreover, on 10 August 2016, the ECB published an addendum to the ECB Guide which addresses eight options and discretions and complements the existing ECB Guide and Regulation (EU) No. 2016/445.

In addition, on 13 April 2017, the ECB published a guideline and a recommendation addressed to national competent authorities (the “**NCAs**”) concerning the exercise of options and national discretions available in European Union law that affect banks directly supervised by NCAs (*i.e.* the so called “less significant institutions”). Both documents are intended to further harmonise the way banks are supervised by the NCAs. The aim is to ensure a level playing field and the smooth functioning of the Euro area banking system as a whole.

In Italy, implementation of CRD IV package implied amendments to Legislative Decree No. 385 of 1 September 1993 (the “**Italian Consolidated Banking Act**”) and to the supervisory regulations on banks with circular No. 285 of 17 December 2013 (“**Circular No. 285**”), which came into force on 1 January 2014, setting out also additional local prudential rules addressed to Italian banks. The Government implemented the CRD IV with Legislative Decree No. 72 of 12 May 2015, which entered into force on 27 June 2015.

With respect to “Pillar 1” minimum capital requirements, Italian banks are currently required to comply with: (a) a CET1 capital ratio of 4.5%; (b) a Tier 1 capital ratio of 6.0%; and (c) a Total Capital Ratio of 8.0%. The Basel III framework also provides for the creation of additional capital buffers in excess of the minimum requirements in order to provide banks with high quality capital resources to be used in times of market stress, to prevent any malfunctioning of the banking system and to avoid disruptions in the credit granting process, as well as to address the risks posed by systemically important banks at the global or domestic level. More specifically, the capital buffers applicable under the CRD IV (to be met with CET1 capital) are the following:

1. *capital conservation buffer*: the capital conservation buffer applies to the Issuer pursuant to Circular No. 285 and, starting from 1 January 2019, is equal to 2.5% of risk-weighted assets (“**RWAs**”);
2. *counter-cyclical capital buffer*: set by the relevant competent authority between 0% and 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in the Member State justify it), with gradual introduction from 1 January 2016 and applying temporarily in the periods

when the relevant national authorities judge the credit growth excessive. The counter-cyclical capital buffer for 2022 and for the first quarter of 2023 was set by the Bank of Italy at 0%;

3. *capital buffers for global systemically important institutions (“G-SIIs”)*: set as an “additional loss absorbency” buffer ranging from 1.0% to 3.5% determined according to specific indicators (e.g. size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity), and has become fully effective starting from 1 January 2019, which does not apply to the Banco BPM Group; and
4. *capital buffers for other systemically important institutions at domestic level (“O-SIIs”)*: up to 2.0% as set by the relevant competent authority and must be reviewed at least annually, to compensate for the higher risk that such banks represent to the domestic financial system. On 30 November 2017 the Bank of Italy identified the Banco BPM Group as an O-SII. Banco BPM Group is required to respect a reserve equal to 0.25%.

In addition, to the above-listed capital buffers, under Article 133 of the CRD IV, each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 Capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long-term non-cyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. As at the date of this Base Prospectus, no provision has been taken on the systemic risk buffer in Italy.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140, 141 and 141(b) of CRD IV, as amended and integrated by the EU Banking Reform referred to below).

In addition, supervisors, pursuant to the CRD IV Package, may require institutions to maintain capital to cover other risks (so called Pillar 2 capital requirements). The combined buffer represents an additional layer of capital which banks need to hold to counter systemic, macro-prudential and other risks not covered by idiosyncratic Pillar 1 and Pillar 2 minimum capital requirements.

On 8 December 2023, Banco BPM announced that it had received from the ECB the notification of the prudential decision on the minimum capital ratios to be complied with by Banco BPM on an ongoing basis, based on the outcome of the annual SREP, conducted in compliance with Article 4(1)(f) of Regulation (EU) No. 1024/2013. The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. Therefore, in compliance with Article 16(2)(a) of Regulation (EU) No. 1024/2013 which confers on the ECB the power to require supervised banks to hold own funds in excess of the minimum capital requirements laid down by current regulations, the ECB determined a “Pillar 2 Requirement” of 2.52% for 2024. Taking into account this additional capital requirement, the Banco BPM Group is required to meet, for the year 2024, a CET1 ratio of 9.07% on a consolidated basis. Furthermore, the additional requirements that Banco BPM must meet are as follows: (i) Tier 1 capital ratio of 11.00%; and (ii) Total Capital ratio of 13.56%. The Banco BPM Group satisfied these prudential capital ratios on a stated basis as at 30 September 2023, with a CET1 ratio of 14.33%, a Tier 1 ratio of 16.70% and a Total Capital ratio of 19.68%. However, there can be no assurance that the total capital requirements imposed on the Issuer or the Banco BPM Group from time to time may not be higher than the levels of capital available at such time. Also, there can be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further own funds requirements on the Issuer or the Banco BPM Group. For additional information on the capital requirements applicable to the Group, see “*Selected Consolidated Financial Data – Capital Requirements of the Group*”.

Liquidity Coverage Ratio and Net Stable Funding Ratio

Further, the Basel III agreements provided for (i) the introduction of a Liquidity Coverage Ratio or (“LCR”), which expresses the ratio between the amount of available assets readily monetizable, in order to establish and maintain a liquidity buffer which will permit the bank to survive for 30 days in the event of serious stress (as of 1 January 2018, the indicator is subject to a minimum regulatory requirement of 100 per cent) and (ii) a Net Stable Funding Ratio (“NSFR”), with a time period of more than one year, introduced to ensure that the assets

and liabilities have a sustainable expiry structure. The Commission Delegated Regulation (EU) No. 2015/61, adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015, specifies the calculation rules of the LCR, while the relevant provisions concerning NSFR are included in the amendments to the CRR comprised in the EU Banking Reform referred to below. With reference to the LCR, on 12 March 2020, the ECB, taking into account the economic effects of the COVID-19 pandemic, announced that banks were allowed to operate temporarily below the minimum LCR. On 17 December 2021, the ECB stated its intention not to extend beyond December 2021 the liquidity relief measure that allowed banks to operate with a LCR below 100%. Therefore, as of 1 January 2022 all banks are required to maintain a LCR of above 100%.

The EU Banking Reform

In November 2016, the European Commission announced a comprehensive package of reforms to further strengthen the resilience of EU banks, resulting in the amendment of the CRD IV, the CRR, the BRRD and the SRM by the following:

- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (“**CRD V**”) amending the Capital Requirements Directive IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;
- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (“**CRR II**”) amending the Capital Requirements Regulation as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements;
- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 (“**BRRD II**”) amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC; and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 (“**SRM II**”) amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms,

published in the Official Journal of the European Union on 7 June 2019 and entered into force 20 days thereafter, on 27 June 2019 (the “**EU Banking Reform**”).

Many of the changes to the CRR by CRR II, are directly applicable to the Banco BPM Group from that date.

The EU Banking Reform includes, among other things, a binding 3% leverage ratio and a binding 100% NSFR (which will require credit institutions and systemic investment firms to finance their long-term activities (assets and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks’ resilience to funding constraints. In particular, the binding 3% leverage ratio is added to the own funds requirements set forth in Article 92(1) of the CRR. The leverage ratio requirement is a parallel requirement to the risk-based own funds requirements, and will apply - from June 2021 - to all credit institutions and investment firms that fall under the scope of the CRR, subject to selected adjustments. Institutions should be able to use any Tier 1 capital that they use to meet their leverage-related requirements to also meet their risk-based own funds requirements, including the combined buffer requirement.

In addition, under the new Article 92(a) to the CRR, each institution that is a G-SII is expected to be required to comply with, commencing 1 January 2022, a leverage ratio buffer requirement (equal to 50% of the G-SII buffer referred to above) above the minimum leverage ratio. Failure by a G-SII to meet this leverage ratio buffer requirement will result in application of the restrictions on distribution provisions by reference to the Leverage ratio related Maximum Distributable Amount (“**L-MDA**”). The EU Banking Reform furthermore amends Article 131(5) of the CRD IV by increasing, based on a decision of the relevant supervisor, the O-SII buffer to up to 3% of the total risk exposure amount, and requires the Commission to investigate whether a leverage ratio buffer is appropriate also for O-SII. The 3% leverage ratio, the G-SII leverage ratio buffer requirement and the NSFR introduced by the EU Banking Reform are consistent with the corresponding requirements agreed upon at international level by the Basel Committee.

From time to time, in line with the amendments made to the EU legislative framework, the Consolidated Banking Act and Circular No. 285 have been updated to reflect the relevant changes to the provisions of the CRR.

Bank Recovery and Resolution Directive

On 2 July 2014, Directive 2014/59/EU, providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) entered into force.

The BRRD provides the competent authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so that it can ensure the continuity of the institution’s critical financial and economic functions, whilst minimising the impact of an institution’s failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that: (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in, which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Securities into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the “**General Bail-In Tool**”), which equity could also be subject to any future application of the General Bail-In Tool.

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

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

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

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

In the context of these resolution tools, the resolution authorities also have the power – with reference to subordinated debt instruments and other eligible liabilities issued by an institution under resolution – to amend or

alter the maturity of such debt instruments and other eligible liabilities or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 of 16 November 2015 and 181/2015 (together, the “**BRRD Decrees**”), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015, and amended and supplemented by Legislative Decree No. 183 of 8 November 2021, implementing BRRD II provisions in Italy.

With respect to the BRRD Decrees, Legislative Decree No. 180 of 16 November 2015 sets forth provisions regulating resolution plans, the commencement and closing of resolution procedures, the adoption of resolution measures, crisis management related to cross-border groups, powers and functions of the national resolution authority and also the regulation of the national resolution fund. On the other hand, Legislative Decree No. 181 of 16 November 2015 introduces certain amendments to the Italian Banking Act and the Financial Services Act, by introducing provisions regulating recovery plans, intra-group financial support, early intervention measures and changes to creditor hierarchy. Moreover, this decree also amends certain provisions regulating the extraordinary administration procedure (*amministrazione straordinaria*), in order to make them compliant with the European regulation. The regulation on the liquidation procedures applied to banks (*liquidazione coatta amministrativa*) are also amended in compliance with the new regulatory framework and certain new market standard practices.

On 1 June 2016, the Commission Delegated Regulation (EU) No. 2016/860 of 4 February 2016 (“**Delegated Regulation (EU) 2016/860**”) specifying further the circumstances where exclusion from the application of write-down or conversion powers is necessary under Article 44(3) of BRRD was published on the Official Journal of the European Union. In particular this regulation lays down rules specifying further the exceptional circumstances provided for in Article 44(3) of BRRD, where the resolution authority may exclude, or partially exclude, certain liabilities from the application of the write down or conversion powers where the General Bail-In Tool is applied. The Delegated Regulation (EU) No. 2016/860 entered into force on 21 June 2016.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to the Deposit Guarantee Schemes Directive have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 of 16 November 2015 has amended the bail-in creditor hierarchy in the case of admission of Italian banks and investment firms to resolution, by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs benefit from a preference in respect of senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. Article 108 of the BRRD has been further amended further to proposals by the European Commission to introduce a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions’ issuance of such loss absorbing debt instruments, by creating, inter alia, a new asset class of “non-preferred” senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. In such perspective, Article 108 of the BRRD aims at enhancing the implementation of the bail-in tool and at facilitating the application of the “minimum requirement for own funds and eligible liabilities” requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms described further below. The amendment to Article 108 has been ‘fast tracked’ through the adoption of Directive (EU) No. 2017/2399 of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the EU on 27 December 2017. Italian Law No. 205/2017, approved by the Italian Parliament on 27 December 2017, contains the implementing provisions pertaining to “non-preferred” senior debt instruments.

Pursuant to Article 44 (2) of the BRRD, as implemented by Article 49 of Legislative Decree No. 180 of 16 November 2015, resolution authorities shall not exercise the write down or conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related

hedging instruments) that exceeds the value of the assets, pledges, lien or collateral which it is secured. In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool, and (ii) the BRRD provides, in Article 44(3), that the resolution authority may partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of the Securities may be subject to write-down or conversion upon application of the General Bail-In Tool while other *pari passu* ranking liabilities are partially or fully excluded from such application of the General Bail-In Tool. The safeguard set out in Article 75 of the BRRD would not provide any protection since Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings rather than to address any such possible unequal treatment.

Legislative Decree No. 181/2015 of 16 November 2015 has also introduced strict limitations on the exercise of the statutory rights of set-off which are normally available under insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Each holder of Securities will have expressly waived any rights of set-off, netting, counterclaim, abatement or other similar remedies which it might otherwise have had, under the laws of any jurisdiction, in respect of such Securities. Similarly, it is clear that the statutory right of set-off available under Italian insolvency laws will not apply.

The powers set out in the BRRD impact credit institutions and investment firms and how they are managed as well as, in certain circumstances, the rights of creditors. Holders of Securities may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Securities, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Securities, the price or value of their investment in any Securities and/or the ability of the Issuer to satisfy its obligations under any Securities.

The legislative decree to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree No. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which came into force on 1 July 2018. Amongst other things, the Decree amends the Italian Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is EUR 100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

In addition to the capital requirements under the CRD IV Package, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of minimum requirement for own funds and eligible liabilities (the “**MREL**”). The aim is that the minimum amount should be proportionate and adapted for each category of bank on the basis of their risk or the composition of their sources of funding and to ensure adequate capitalisation to continue exercising critical functions post resolution.

The Bank of Italy is responsible for managing the crisis by preparing, in cooperation with the Single Resolution Board for significant banks (such as the Banco BPM) or independently for less significant banks, the resolution plans. The resolution plans focus on identifying the critical business units, assessing and addressing any impediments to resolution, defining an adequate MREL level, and determining the strategy and resolution mechanisms and tools to be used in the event of a crisis (pursuant to article 3 of Legislative Decree 72/2015). In the event of a crisis involving a significant bank, the Bank of Italy is also responsible for carrying out the resolution plan drawn up and approved by the Single Resolution Board; while, for Italian less significant banks, the Bank of Italy prepares the resolution plan for approval by the Minister of Economy and Finance (MEF) and implements it.

The BRRD, as amended by the EU Banking Reform, introduces a minimum harmonized MREL requirement (also referred to as a “**Pillar 1 MREL requirement**”) applicable to G-SIIs, to be satisfied only with own funds and eligible liabilities subordinated to excluded liabilities (even if, under specific conditions, part of the requirement may be satisfied with non-subordinated liabilities). In addition, all EU banks will be required to comply with a bank specific (in terms of calibration) MREL requirement (a “**Pillar 2 MREL requirement**”), which can be satisfied also through the use of non subordinated liabilities, for the amount exceeding a minimum subordination level equal to 8% of TLOF (total liabilities and own funds) and applicable to G-SIBs and “Top Tier” banks (banks

with assets exceeding Euro 100 billion) only. However, if a bank is identified among the “riskiest” EU institutions, the Resolution Authority can decide to discretionally raise the applicable subordination requirement beyond the minimum level, in any case subject to the resolution authority assessment and determination.

The Financial Stability Board published the “Total Loss-Absorbing Capacity (TLAC) Term Sheet” on 9 November 2015, applicable to G-SIBs (referred to as G-SIIs in the European Union framework). The EU Banking Reform has introduced amendments aimed at implementing and integrating the TLAC requirements into the general MREL rules, thereby avoiding duplication from the application of two parallel requirements and ensuring that both the TLAC and MREL requirements are met with largely similar instruments. The resolution authorities will also be able, on the basis of bank-specific assessments, to require that G-SIIs comply with an institution-specific supplementary MREL requirement (a ‘Pillar 2’ add-on requirement). The TLAC requirement is at the moment applied only to the G-SIBs and consequently not applicable to the Banco BPM Group.

Under the BRRD, where an entity fails to meet its combined buffer requirement when considered in addition to its minimum requirement for own funds and eligible liabilities, resolution authorities have the power to prohibit certain distributions in accordance with the restrictions on distributions provisions by reference to the Maximum Distributable Amount. The Relevant Authority may furthermore exercise its supervisory powers under Article 104 of the CRD IV in case of breach of the minimum requirement for own funds and eligible liabilities.

Financial conglomerates

Legislative Decree No. 142 of May 30, 2005 (implementing Directive 2002/87/EC) provides for additional supervision (“supplementary supervision”) of banks, insurance companies and investment firms that are part of a “financial conglomerate”.

The supplementary supervision rules seek to safeguard the stability of financial conglomerates as well as the stability of the single entities within financial conglomerates, regardless of whether they are regulated entities. These rules seek to prevent destabilizing effects on the financial system that can arise from problems with individual entities within a financial conglomerate.

On November 16, 2005, the Bank of Italy entered into an agreement with IVASS to regulate, in accordance with Legislative Decree No. 142/2005, the capital adequacy requirements of financial conglomerates. In accordance with this agreement, the Bank of Italy is primarily responsible for supervising financial conglomerates (like the Group) that have a bank as the parent company.

On November 16, 2011 the EU adopted Directive 2011/89/EU which amends Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC, regarding the supplementary supervision of financial entities in a financial conglomerate. The Directive, *inter alia*, (i) includes asset management companies in the threshold tests for identifying a financial conglomerate, (ii) allows for both sector-specific (banking and insurance) supervision and supplementary supervision of a financial conglomerate’s parent entity, (iii) introduces a waiver for smaller groups if the relevant supervisor deems the group’s risks to be negligible and (iv) allows for risk-based assessments, in addition to existing definitions relating to size, in identifying financial conglomerates. Directive 2011/89/EU has been implemented by Legislative Decree No. 53 of March 4, 2014.

The Legislative Decree No. 53/2014 amended the definition of “financial conglomerate” provided under the Legislative Decree No. 142/2005. In line with the definition set out under the relevant EU framework, the definition of financial conglomerate set forth in Legislative Decree No. 142/2005 includes any group or subgroup, which meets the following conditions: (a) there is a regulated entity at the head of the group or subgroup: (i) such entity is a parent undertaking of an entity in the financial sector, an entity which holds a participation in an entity in the financial sector, or an entity linked with an entity in the financial sector by a relationship resulting in such entities being subject to the direction of the same entity by virtue of agreements or by-laws’ provisions or where the majority of the members of the management, supervisory and control bodies of such entities are the same; (ii) at least one of the entities in the group or subgroup is within the insurance sector and at least one is within the banking or investment services sector; and (iii) the consolidated or aggregated activities of the entities in the group or subgroup within the insurance sector and of the entities within the banking and investment services sector are both significant; or (b) where there is no regulated entity at the head of the group or subgroup: (i) the group’s or subgroup’s activities occur mainly in the financial sector; (ii) at least one of the entities in the group or subgroup is within the insurance sector and at least one is within the banking or investment services sector; and

(iii) the consolidated or aggregated activities of the entities in the group or subgroup within the insurance sector and of the entities within the banking and investment services sector are both significant.

Regulatory measures on NPLs

Article n. 178 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR) specifies the definition of default of an obligor. In this regard, Article 178 of the CRR mandates the EBA to detail guidelines on the application of the definition of “default”. Consequently the “Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013” (the “**Guidelines**” or “**New DoD**”) ruled all provisions related to the application of the definition of default of an obligor. The EBA has identified different practices used by institutions as regards to the definition of default and provided detailed clarifications on the application of the definition of default, which includes aspects such as the days past due criterion, indications of unlikelihood to pay, conditions for a return to non-defaulted status, application of the default definition in a banking group and specific aspects related to particular exposures (e.g., public exposures, factoring exposures).

The Bank of Italy subsequently incorporated the guidelines into national regulatory provisions framework (in particular Circular no. 272 of 30 July 2008 and subsequent amendments – “*Matrice dei Conti*”), applicable from 1 of January 2021, as well as having issued some clarifications on the matter.

Moreover, on 14 March 2018, the European Commission published certain legislative proposals aimed at addressing the issues connected with the existing stock of NPLs held by European banks – namely (i) a proposal for a Regulation amending the CRR as regards minimum loss coverage for NPLs, which was later enacted through Regulation (EU) 2019/630 of 17 April 2019, as amended by Regulation (EU) 2020/873 (the “**Prudential Backstop Regulation**”) (also known as calendar provisioning); (ii) a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral; and (iii) a blueprint on asset management companies, accompanying the EC’s “Second Progress Report” on NPLs.

In parallel with the above proposals, on 15 March 2018 the ECB issued an addendum, “Addendum to the Guidance on non-performing loans” (the “**ECB Addendum**”) to its “Guidance to banks on NPLs of March 2017” (the “**NPLs Guidance**”). The ECB Addendum details the ECB supervisory expectations as regards the minimum levels of NPLs provisioning by significant credit institutions. These Guidelines (based on a Pillar 2 approach, to be incorporated into SREP decisions) are to be applied to all new non performing exposures (i.e. Past Due, Unlikely to Pay, Bad Loans) classified as such since 1 April 2018. The ECB Addendum sets out an expectation that, as of 1 April 2018, new unsecured NPLs must be fully covered after a period of two years from the date of their classification as NPLs. For example, the supervisor would expect a loan that is classified as an unsecured NPL on 1 May 2018 to be fully provisioned for by May 2020. For new secured NPLs, a certain level of provisioning is expected after three years of classification as an NPL, or “NPL vintage”, which then increases over time until year seven. In this case, if a secured loan was classified as an NPL on 1 May 2018, the supervisor would expect these NPLs to be at least 40 per cent. provisioned for by May 2021, and totally provisioned by May 2025. The potential gap between the coverage envisaged by the new rules and the provisions applied at the reference date can be addressed through a Core Tier 1 deduction or an increase of provisions.

The Prudential Backstop Regulation imposes a “Pillar 1” minimum regulatory backstop for the provisioning of NPLs by EU banks. The minimum provisioning level is calculated by multiplying the value of the relevant NPLs within the portfolio by the factors indicated in the Prudential Backstop Regulation, which differ depending on (i) the number of years after the date on which the exposure was classified as non-performing, and (ii) whether the NPL is classified as “secured” or “unsecured” exposure (and if secured, whether the exposure is secured by immovable collateral or residential loan guaranteed by an eligible protection provider or is secured by other funded or unfunded credit protection), in accordance with the criteria set forth in the Prudential Backstop Regulation. In particular, under the Prudential Backstop Regulation the Issuer is required to apply a minimum provisioning level for NPLs equal to 100% after ten years (in case of exposures secured by immovable property or residential loan), eight years (in case of exposures secured by other funded or unfunded credit protection) or four years (in case of unsecured exposures) from the date when the exposure was classified as non-performing. If the aggregate amount of provisions and other eligible items is lower than such minimum provisioning level, any shortfall (so-called “insufficient coverage amount”) shall be fully deducted from CET1 items.

The statutory prudential backstop applies only to exposures originated after the date of entry into force of the regulation and not to prior legacy exposures. However, the Prudential Backstop Regulation specifies that where the terms and conditions of an exposure which was incurred prior to the date of entry into force of the regulation

are modified by the institution in a way that increases the institution's exposure to the obligor, the exposure shall be considered as having been incurred on the date of the modification so that such exposure becomes subject to the new regime including the statutory prudential backstop.

On 22 August 2019 the ECB published a revised version of its supervisory expectations for prudential provisioning for NPLs, as set forth in the ECB Addendum, with a view to align such expectations to the regulatory approach followed under the Prudential Backstop Regulation. The main changes introduced by the ECB relate to: (i) the scope of the supervisory expectations for new NPLs, which is now limited to NPLs arising from loans originated before 26 April 2019 (which are not subject to the Pillar 1 treatment provided under the Prudential Backstop Regulation); and (ii) the time frames for the relevant prudential provisioning, the progressive path to full implementation and the split of secured exposures and other guaranteed exposures, which have been aligned to the Prudential Backstop Regulation.

In the context of the actions taken by the supervisory authorities to mitigate the effect of the COVID-19 pandemic on the EU banks' capital requirements, the European Central Bank and the European Banking Authority have issued statements in March 2020 aimed at providing clarity on aspects related to (i) the classification of loans in default, (ii) the identification of forbore exposures and (iii) the accounting treatment, with the ultimate goal to support government actions addressing the adverse systemic economic impact of the COVID-19 pandemic, which have mostly taken the form of general moratoria and payment holidays. In this respect, in April 2020 the European Commission has also published (i) a proposal to amend the CRR in order to mitigate the negative effects of the COVID-19 pandemic by adapting the timeline of the application of international accounting standards on EU banks' capital, treating more favourably public guarantees granted during this crisis, postponing the date of application of the leverage ratio buffer and excluding certain exposures from the calculation of the leverage ratio; and (ii) an interpretative communication confirming the flexibility available to EU banks with respect to the classification of loans in connection with public and private moratoria.

Also at a country level, the Italian Government has acted to introduce two reforms that might have impact on the forthcoming NPLs market. In particular:

- the reform of the Italian Bankruptcy Law, published on February 2019, introduced new requirements for business in order to timely identify and prevent financial crisis, with a specific timeline;
- the Decree for Growth (*Decreto Crescita*), published on April 2019, introduced new measures that could be easily applicable to still active borrowers, such as public guarantees on lending to SMEs, public aid on new financing and new securitization rules.

Payment Services Directive

On 13 November 2007, the European Parliament and the Council adopted Directive 2007/64/EC ("**PSD1**") to harmonize the payment services market and remove legal barriers for payments throughout the EU. PSD1 has, among others, introduced a licensing system for market access by payment service providers and regulated the relationship between payment service providers and consumers. PSD1 was intended to improve competition by opening up payment markets to new entrants, thereby encouraging greater efficiency and cost reduction, and, at the same time, to support the creation of a Single European Market for Retail Payment Services ("**SEPA**").

On 25 November 2015, PSD1 was repealed by Directive (EU) No 2015/2366 of the European Parliament and of the Council ("**PSD2**"), in light of the progress made in the integration of the payments market in the EU and the considerable technical innovations that have occurred since the adoption of PSD1. PSD2 seeks to address the evolution of the payments market and respond to certain shortcomings of the previous regime, including, in particular: (i) the uneven application of the relevant rules in the different EU Member States; (ii) the existence of numerous exemptions from the scope of PSD1; and (iii) the regulatory vacuum in which many operators in the sector have operated under PSD1.

To this end, PSD2 has: (i) broadened the scope of application of the provisions on payment services; (ii) introduced new payment services to cover services previously seen as merely complementary, such as the provision of payment orders and account information; and (iii) strengthened safeguards against operational and security risks related to payment services.

The framework outlined by PSD2 supplemented by the implementing regulations of the European Commission

that are directly applicable to recipients and by the guidelines established by the EBA (“EBA”).

Within the framework set out in PSD2, it is envisaged, among others, that:

- unless the payment service user has acted fraudulently, in the case of an unauthorized payment transaction resulting from the use or misappropriation of a lost or stolen payment instrument, the payment service provider² shall reimburse the amount of the unauthorized payment transaction that was executed after the loss, theft or misappropriation was reported to it. Notwithstanding the above, the payer may be obliged to bear the loss relating to unauthorized payment transactions resulting from the use of a lost or stolen payment instrument or from its misappropriation up to a maximum of €50,000; and
- in relation to information security, payment service providers are called upon to establish a framework of mitigation measures and appropriate control mechanisms to manage operational and security risks, relating to the payment services they provide, establish and manage effective incident management procedures, including for the identification and classification of serious operational and security incidents. Payment service providers are also required to initiate a process of archiving, monitoring and controlling access to sensitive payment data and are required to implement Strong Customer Authentication (SCA) when a payment service user accesses his payment account online, or makes an online payment, or carries out any action which may imply a risk of payment fraud or other abuse.

In Italy, the fundamental principles governing the provision of payment services are contained in Legislative Decree no. 11 of January 27, 2010 (“**Decree on Payment Services**”), which implemented PSD1 and the Consolidated Banking Act. Legislative Decree no. 218 of 15 December 2017 (“**Decree no. 218**”) implemented PSD2 in Italy, making significant changes to both the Consolidated Banking Act and the Decree on Payment Services. SCA is regulated in Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication, and common and secure open standards of communication.

Anti-money laundering

The Banco BPM Group is subject to the provisions of law and regulations aimed at preventing money laundering and terrorist financing. These provisions are mainly contained in:

- Legislative Decree no. 231/07, as amended by:
 - Legislative Decree no. 90 of 25 May 2017, which amended Legislative Decree no. 231 of 21 November 2007 (“**Decree 231/2007**”), implementing Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, and amending Directives 2005/60/EC and 2006/70/EC and implementing Regulation (EU) no. 2015/847 on information accompanying transfers of funds that repeals Regulation (EC) no. 1781/2006; and
 - Legislative Decree no. 125 of 4 October 2019, which amended, inter alia, Legislative Decree no. 90 of 25 May 2017, implementing Directive (EU) 2018/843, amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and that amends Directives 2009/138/EC and 2013/36/EU;
- the provisions adopted by the Bank of Italy, pursuant to Article 7, paragraph 1, letter a) of Decree 231/2007:
 - the provisions adopted on 26 March 2019, regarding the organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing; and
 - the provisions adopted on 30 July 2019, regarding the adequate verification of clients and for the fight against money laundering and terrorist financing;
- the provisions adopted by the Bank of Italy on 24 March 2020, pursuant to Articles 31, 32 and 34 paragraph 3, regarding the storage and making available of documents, data and information for the fight

² Banks fall within the definition of “*payment services providers*”.

against money laundering and terrorist financing; and

- the provision regarding instructions on objective communications, adopted by the UIF (the Italian Financial Intelligence Unit) on 28 March 2019, pursuant to Article 47 of Decree 231/2007.

The abovementioned regulatory framework determines the requirement for the Issuer and the Banco BPM Group to, among other things, comply with the obligations on: (i) the adequate verification of customers; (ii) retention of data; (iii) reporting of suspicious transactions to the Financial Intelligence Unit set up at the Bank of Italy; (iv) adequate training of personnel; (v) sending aggregate anti-money laundering reports; and (vi) the implementation of provisions on the limitation of the use of cash and bearer securities; and (vii) carrying out a periodical assessment of the group's exposure to the risk of money laundering and terrorist financing.

MiFID II – Directive 2014/65/EU on markets in financial instruments

In relation to the investment services carried out by the Issuer, the latter is subject to EU Directive 2014/65/EU on markets in financial instruments (“**MiFID II**”) and Regulation EU 600/2014 (“**MIFIR**”). It is a cornerstone of the EU's regulation of financial markets seeking to improve their competitiveness by creating a single market for investment services and activities and to ensure a high degree of harmonised protection for investors in financial instruments. MiFID II sets out:

- conduct of business and organisational requirements;
- obligation to provide information;
- regulatory reporting;
- trade transparency obligation;
- record keeping obligation.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which the Issuer expects will be completed for each Series of Certificates issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Certificates 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 (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive 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 “**PRIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates

or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates 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 Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Certificates (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates 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 Certificates to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Certificates (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 Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]



BANCO BPM S.p.A.

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

Legal Entity Identifier (LEI): 815600E4E6DCD2D25E30

[Title of Certificates]

[commercial name:] [referred to for commercial purposes as] [“[]”]

[ISIN Code]

under the Certificates Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 12 March 2024 [and the supplement[s] to the Base Prospectus dated [date]] [which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. This document constitutes the Final Terms of the Certificates described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [and any Supplement(s) thereto] in order to obtain all the relevant information.

The Base Prospectus [and the Supplement[s] to the Base Prospectus dated [date]] is available for viewing at, and copies of it may be obtained from, the registered office of the Issuer, Piazza Filippo Meda 4, 20121 Milan and from BNP PARIBAS, Luxembourg Branch and will be published on the website of the Luxembourg Stock Exchange (www.luxse.com) and of the Issuer (<https://gruppo.bancobpm.it/investor-relations/strumenti-di-debito/emissioni-internazionali/>).

[A summary of the Securities is annexed to these Final Terms. In the case of the Securities admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will be published on the website of the Luxembourg Stock Exchange [and of the Issuer].]

References herein to numbered Conditions are to the terms and conditions of the relevant series of Certificates and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms insofar as they relate to such series of Certificates, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "Securities" shall be deemed to be references to the relevant Certificates that are the subject of these Final Terms and references to "Securities" and "Security" shall be construed accordingly.

(Include whichever of the following apply or specify as “Not applicable”. Note that the numbering should remain as set out below, even if “Not applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.)

(When completing the final terms consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)

1. Series Number: []
2. Tranche Number: []
3. Number of Securities issued: [Up to] []
4. Calculation Agent: The Calculation Agent is []
5. Issue Price per Security: []
6. Nominal Value: []
7. Minimum Exercise Amount: []
8. Consolidation: [Not applicable]

[The Securities are to be consolidated and form a single series with the [insert title of relevant series of Securities] issued on [insert issue date]]. (Only applicable in relation to Securities which are fungible with an existing series of Securities)
9. Product Type: The Certificates are cash settled securities, of the following Product Type: [Equity Protection Certificates] [Reverse Equity Protection Certificates] [Equity Protection Alpha Certificates] [Equity Premium Certificates] [Reverse Equity Premium Certificates] [Standard Certificates] [Bonus Certificates] [Reverse Bonus Certificates] [Twin Win Certificates] [Reverse Twin Win Certificates] [Long Benchmark Certificates] [Short Benchmark Certificates] [Long Outperformance Certificates] [Short Outperformance Certificates] [[Long/Short] [Constant Leverage Certificates] [Butterfly Protection Certificates]

10. Underlying: The financial asset[s] to which the Securities relate

[is the [] [Index] [Share] [Exchange Rate] [Future Contract] [Commodity] [Interest Rate] [Fund]] *(Repeat for each Underlying if more than one)*

[is a Basket composed as follows:

<i>i</i>	Basket Constituent	Basket Constituent Weight
[]	[]	[]
[]	[]	[]
[]	[]	[]

]

[are the [Indexes] [Shares] [Exchange Rates] [Future Contracts] [Commodities] [Interest Rates] [Funds] specified for each Series in the Annex]

[Insert for each Underlying or Basket Constituent the applicable information / in case of multi Series Final Terms, delete the following and insert the following details in the Annex):

[Issuer of the Share (and relevant website): []]

[Index Sponsor (and relevant website): []]

[Fund Manager (and relevant website): []]

[Calculation Entity (and relevant website): []]

[ISIN code: []]

[Reuters ticker: []]

[Bloomberg Code: []]

[Reference Source: []]

[Exchange: []]

[Related Exchange: []]

[Rollover Date: []] *(Only applicable in relation to Futures Contract Securities)*

[Specify where to obtain information about such underlying(s) by electronic means, and whether or not it can be obtained free of charge:
[]]

[if the Underlying is an Index, insert (in case of a Basket specify for each

Basket Constituent / in case of multi Series Final Terms, delete the following and insert the following details in the Annex):

Index Sponsor (and relevant website): []

ISIN code: []

[Reuters ticker: []]

[Bloomberg Code: []]

[if the Underlying is composed of a financial asset with ESG Rating insert:

Rating ESG: [Not applicable] / [Applicable: issued by [-] [insert any further details]]. For more information please refer to the official documentation issued by the rating agency which can be found at the following website: []

ESG Rating Threshold: [Not applicable] / [[]]

11. EU Benchmarks Regulation Article 29(2) statement on benchmarks:

[specify benchmark(s)] [is/are] provided by [insert administrator(s) legal name(s)] [repeat as necessary].

[As at the date of these Final Terms, [insert administrator(s) legal name(s)] [appear[s]]/[does]/[do] not appear] [repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

[As far as the Issuer is aware, [[insert benchmark(s)] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that Regulation] [repeat as necessary] OR [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [insert administrator(s) legal name(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). [repeat as necessary].]

[Not applicable.]
12. Maturity Date: []
13. Renouncement Notice Cut-off Time: [] [Not applicable]
14. Settlement Date: []
15. Delivery Date: [] [Not applicable]
16. Issue Date: []
17. Settlement Currency: []
18. Underlying Currency: []

19. Quanto: [Applicable] [Not applicable. The applicable Exchange Rate for conversion of the Underlying Currency into the Settlement Currency, is *[insert Exchange Rate and details of how and when such rate is to be ascertained]*]
20. Business Day Centre(s): []
21. Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] []
22. Exchange Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] []
23. Underlying Initial Value: The Underlying Initial Value will be calculated on [] as *[insert calculation method in accordance with the definition of “Underlying Initial Value” within Condition 3]*.
24. Initial Valuation Date(s): [] / from [] to []
25. Underlying Final Value: The Underlying Final Value will be calculated on [] as *[insert calculation method in accordance with the definition of “Underlying Final Value” within Condition 3]*.
26. Final Valuation Date(s): [] / from [] to [] [Not applicable]

PROVISIONS RELATING TO THE CASH SETTLEMENT AMOUNT

27. Cash Settlement Amount: *[Insert formula(s) for the calculation of the Cash Settlement Amount pursuant to Condition 4 (Pay-outs Provisions)]*
[]
28. Strategy: [Long Strategy] [Short Strategy]
29. Best Of Feature: [Applicable *[specify details]*] [Not applicable]
30. Worst Of Feature: [Applicable *[specify details]*] [Not applicable]
31. Rainbow Feature: [Applicable *[specify details]*] [Not applicable]
32. **[Equity Protection Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Protection: []
- ii) Protection Level: []
- iii) Cap: [Applicable *[specify details]*] [Not applicable]
- iv) Cap Level: [Applicable *[specify details]*] [Not applicable]

- v) Cap Percentage: [Applicable *[specify details]*] [Not applicable]
- vi) Strike: [Applicable *[specify details]*] [Not applicable]
- vii) Strike Level: [Applicable *[specify details]*] [Not applicable]
- viii) Strike Date: [] [Not applicable]
- ix) Participation: [] [Not applicable]]

33. **[Reverse Equity Protection Certificates provisions:** [Applicable] [Not applicable]

(Delete the sub-sections if the Product Type is not applicable)

- i) Protection: []
- ii) Reverse Protection Level: []
- iii) Cap: [Applicable *[specify details]*] [Not applicable]
- iv) Cap Level: [Applicable *[specify details]*] [Not applicable]
- v) Cap Percentage: [Applicable *[specify details]*] [Not applicable]
- vi) Strike: [Applicable *[specify details]*] [Not applicable]
- vii) Strike Level: [Applicable *[specify details]*] [Not applicable]
- viii) Strike Date: [] [Not applicable]
- ix) Participation: [] [Not applicable]]

34. **[Equity Alpha Protection Certificates provisions:** [Applicable] [Not applicable]

(Delete the sub-sections if the Product Type is not applicable)

- i) Spread: [Applicable *[specify details]*] [Not applicable]
- ii) Performance of the Long Underlying (Underlying A) and the Short Underlying (Underlying B): *[specify details]* [Not applicable]
- iii) Ratio: [Applicable *[specify details]*] [Not applicable]
- iv) Protection: []

- v) Participation: []]
35. [Equity Premium Certificates provisions: [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Barrier Event: [specify details]
- ii) Barrier Level: []
- iii) Barrier Event Valuation Period: [] / from [] to []
- iv) Minimum Redemption Percentage: [Applicable [specify details] [Not applicable]
- v) Airbag: [Applicable [specify details] [Not applicable]
- vi) Strike: [Applicable [specify details] [Not applicable]
- vii) Strike Level: [Applicable [specify details] [Not applicable]
- viii) Strike Date: [] [Not applicable]
- ix) Up Participation: [] [Not applicable]
- x) Cap: [Applicable [specify details] [Not applicable]
- xi) Cap Level: [Applicable [specify details] [Not applicable]
- xii) Cap Percentage: [Applicable [specify details] [Not applicable]]
- 36. [Reverse Equity Premium Certificates provisions: [Applicable] [Not applicable]**
- (Delete the sub-sections if the Product Type is not applicable)*
- i)** Barrier Event: [specify details]
- ii)** Barrier Level: []
- iii)** Barrier Event Valuation Period: [] / from [] to []
- iv)** Minimum Redemption Percentage: [Applicable [specify details] [Not applicable]
- v)** Airbag: [Applicable [specify details] [Not applicable]]

37. **[Standard Certificates provisions:]** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Predetermined Percentage: []
38. **[Bonus Certificates provisions:]** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Barrier Event: [specify details]
- ii) Barrier Level: []
- iii) Barrier Event Valuation Period: [] / from [] to []
- iv) Bonus: []
- v) Bonus Level: []
- vi) Up Participation: []
- vii) Cap: [Applicable [specify details] [Not applicable]
- viii) Cap Level: [Applicable [specify details] [Not applicable]
- ix) Cap Percentage: [Applicable [specify details] [Not applicable]]
39. **[Reverse Bonus Certificates provisions:]** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Barrier Event: [specify details]
- ii) Barrier Level: []
- iii) Barrier Event Valuation Period: [] / from [] to []
- iv) Bonus: []
- v) Bonus Level: []
- vi) Cap: [Applicable [specify details] [Not applicable]

- vii) Cap Level: [Applicable *[specify details]*] [Not applicable]
- viii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]]
40. **[Twin Win Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Barrier Event: *[specify details]*
- ii) Barrier Level: []
- iii) Barrier Event Valuation Period: [] / from [] to []
- iv) Up Participation: []
- v) Down Participation: []
- vi) Cap: [Applicable *[specify details]*] [Not applicable]
- vii) Cap Level: [Applicable *[specify details]*] [Not applicable]
- viii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]]
41. **[Reverse Twin Win Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Barrier Event: *[specify details]*
- ii) Barrier Level: []
- iii) Barrier Event Valuation Period: [] / from [] to []
- iv) Up Participation: []
- v) Down Participation: []
- vi) Cap: [Applicable *[specify details]*] [Not applicable]
- vii) Cap Level: [Applicable *[specify details]*] [Not applicable]
- viii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]]

42. **[[Long/Short] Benchmark Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Strike Price: []
43. **[Long Outperformance Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Up Participation: []
- ii) Down Participation: []
44. **[Short Outperformance Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Up Participation: []
- ii) Down Participation: []
45. **[[Long/Short] Constant Leverage Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*
- i) Constant Leverage Expiry Date: []
- ii) Leverage: []
46. **[Butterfly Protection Certificates provisions:** [Applicable] [Not applicable]
- (Delete the sub-sections if the Product Type is not applicable)*

Barrier Up	[]
Barrier Up Event	[specify details]
Barrier Up Level	[]
Barrier Up Event Valuation Period	[] / from [] to []
Barrier Down	[]
Barrier Down Event	[specify details]
Barrier Down Level	[]
Barrier Down Event Valuation Period	[] / from [] to []
Cap Up	[Applicable [specify details] [Not applicable]
Cap Up Level	[Applicable [specify details] [Not applicable]
Cap Up Percentage	[Applicable [specify details] [Not applicable]
Cap Down	[Applicable [specify details] [Not applicable]
Cap Down Level	[Applicable [specify details] [Not applicable]
Cap Down Percentage	[Applicable [specify details] [Not applicable]
Up Participation	[]
Down Participation	[]
Protection	[]
Protection Level	[]]

PROVISIONS RELATING TO REMUNERATION AMOUNTS AND EARLY REDEMPTION AMOUNTS

47. Autocallable feature: [Applicable] [Not applicable]
- (Delete sub-paragraphs if not applicable)*
- i) Early Redemption Event n-th: [] (specify details of the occurrence of the event for each period if more than one)
 - ii) Early Redemption Amount n-th: [] (specify amount(s) for one or more Early Payment Dates)
 - iii) Early Redemption Level n-th: [] (specify details for each period if more than one)
 - iv) Early Redemption Threshold n-th: [] (specify details for each period if more than one)

- v) Early Redemption Percentage n-th: [] (*specify details for each period if more than one*)
- vi) Early Redemption Valuation Period n-th: [] / from [] to [] (*Specify each period if more than one*)
- vii) Early Payment Date n-th: [] (*specify for each period if more than one*)
48. Capital Lock-In feature: [Applicable] [Not applicable]
- (Delete sub-paragraphs if not applicable)
- i) Capital Lock-in Event p-th: [Applicable [*specify details*] [Not applicable]]
- ii) Capital Lock-in Level p-th: [] (*Specify the level for each period if more than one*)
- iii) Capital Lock-in Event Threshold p-th: [] (*specify details for each period if more than one*)
- iv) Capital Lock-in Event Valuation Period p-th: [] / from [] to [] (*Specify each period if more than one*)
49. Knock-out Event: [Applicable in relation to [] (*Specify the applicable remuneration amount(s) and details of the occurrence of the event for each period if more than one*) [Not applicable]
- (Delete sub-paragraphs if not applicable)
- i) Knock-out Level: [] (*Specify the level for each period if more than one*)
- ii) Knock-out Valuation Period: [] / from [] to [] (*Specify each period if more than one*)
50. Knock-in Event: [Applicable in relation to [] (*Specify the applicable remuneration amount(s) and details of the occurrence of the event for each period if more than one*) [Not applicable]
- (Delete sub-paragraphs if not applicable)
- i) Knock-in Level: [] (*Specify the level for each period if more than one*)
- ii) Knock-in Valuation Period: [] / from [] to [] (*Specify each period if more than one*)
51. Unconditional Amount: [] (*specify amount(s) for one or more Unconditional Payment Dates*) [Not applicable]
52. Digital Amount i, k-th: [] (*specify amount(s) for one or more Digital Payment Dates*) [Not applicable]
- (Delete sub-paragraphs if not applicable)
- i) Digital Coupon i, k-th: [] (*specify coupon(s) for one or more Digital Payment Dates*)

- ii) Digital Coupon Event i-th: [] (*specify details of the occurrence of the event for each period if more than one*)
- iii) Digital Coupon Level i, k-th: [] (*specify details for each period if more than one*)
- iv) Digital Coupon Threshold i, k-th: [] (*specify details for each period if more than one*)
- v) Digital Combo: [Applicable *specify details*] [Not applicable]
- vi) Digital Valuation Period i-th: [] / from [] to [] (*Specify each period if more than one*)
- vii) Digital Payment Date i-th: [] (*specify for each period if more than one*)
- viii) Lock-in Coupon Event l-th: [Applicable *specify details of the occurrence of the event for each period if more than one*] [Not applicable]
- ix) Lock-in Coupon l-th: [] (*specify details for each period if more than one*)
- x) Lock-in Coupon Threshold l-th: [] (*specify details for each period if more than one*)
- xi) Lock-in Coupon Level l-th: [Applicable *specify details*] [Not applicable]
- xii) Lock-in Coupon Valuation Period l-th: [[] / from [] to [] (*Specify each period if more than one*)] [Not applicable]
- xiii) Memory Mechanism: [Applicable *specify details of the occurrence of the event for each period if more than one*] [Not applicable]
- xiv) Memory Coupon: [] (*specify details for each period if more than one*) [Not applicable]
- xv) Memory Valuation Period: [[] / from [] to [] (*Specify each period if more than one*)] [Not applicable]
- xvi) Path Dependency Effect: [Applicable *specify details*] [Not applicable]
53. Performance Coupon Event j-th: [Applicable *specify details*] [Not applicable]
- (Delete sub-paragraphs if not applicable)
- i) Performance Coupon j-th: [] (*specify details for each period if more than one*)
- ii) Performance Coupon Cap j-th: [] [Not applicable]
- iii) Performance Coupon Threshold j-th: [] (*specify details for each period if more than one*)

- iv) Performance Coupon [] (specify details for each period if more than one)
Level j-th:
- v) Performance Coupon [] (specify details for each period if more than one)
Amount j-th:
- vi) Performance Coupon [[] / from [] to [] (Specify each period if more than one)]
Valuation Period j-th:
- vii) Performance Coupon [] (specify for each period if more than one)
Payment Date j-th:
54. Participation Amount: [Participation Amount Long] [Participation Amount Short] [Not applicable]
(Delete sub-paragraphs if not applicable)
- i) Participation Valuation [[] / from [] to [] (Specify each period if more than one)]
Period: (specify the Participation Initial Date and the Participation Final Date for each Participation Valuation Period if more than one]
- ii) Participation Payment [] (specify for each period if more than one)
Date:
- iii) Multiplier: [] (specify for each period if more than one)
- iv) Strike Percentage: [] (specify for each period if more than one)
- v) Floor: [] (specify for each period if more than one)

GENERAL

55. Form of Securities: [Bearer Securities]

[Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security.]

[Temporary Global Security exchangeable for Definitive Securities on or after the Exchange Date.]

[Permanent Global Security exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security.]]

[Italian Dematerialised Securities]
56. Prohibition of Sales to EEA Retail Investors: [Applicable] [Not applicable]

(If the Securities clearly do not constitute "packaged" products, "Not applicable" should be specified. If the Securities may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)

ADDITIONAL INFORMATION

- Example(s) of complex derivat [Not applicable.] [Insert, where available, scenarios and simulations of the Certificates, for informative and illustrative purposes only, with a statement that they do not purport either to be comprehensive or

ives *anticipate or guarantee future returns.*]
securit
ies:

[THIRD PARTY INFORMATION]

[The information relating to [] [and []] (the "**Reference Information**") contained herein has been accurately [reproduced] [extracted] from [*insert information source(s)*]. As far as the Issuer is aware and is able to ascertain from information published by [], no facts have been omitted which would render the [reproduced] [extracted] information inaccurate or misleading. The Issuer accepts responsibility for the accuracy of such [extraction][reproduction] but accepts no further or other responsibility in respect of such information.]]

[Signed on behalf of the Issuer:

By:
 Duly authorised]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [The Certificates are unlisted.]/[Application [has been/will be] made to list the Certificates on [[the Official List of the Luxembourg Stock Exchange] and to admit the Certificates for trading on [[the professional segment of] the Luxembourg Stock Exchange's regulated market] [and on] [the professional segment of] the Euro MTF Market]/[the Italian multilateral trading facility Securitised EuroTLX organised and managed by Borsa Italiana S.p.A.] [with effect from/on or around] [•]] [and] [on [•] [with effect from/on or around]]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)

[[After the Issue Date] [A][a]pplication may be made to list the Securities on other stock exchanges or regulated markets or to admit to trading on other trading venues as the Issuer may decide.]

- (iii) Estimated total expenses: [None.] [] *[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]*

2. NOTIFICATION

[The CSSF [has been requested to provide/has provided] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.]

[Not applicable.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Need to include a description of any interest, including conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save [for the fees [of [insert relevant fee disclosure]] payable to [•] and] as discussed [in the "Potential Conflicts of Interest" paragraph in the "Risks" section in the Base Prospectus], so far as the Issuer is aware, no person involved in the [issue/offer] of the Securities has an interest material to the [issue/offer].]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: []

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include

those reasons here.))]

(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

5. TERMS AND CONDITIONS OF THE OFFER

[Applicable][Not applicable (*if not applicable, delete the entire section*)]

[Public Offer Jurisdiction(s)] [Specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplement have been passported]

[Offer Price:] [Issue Price][specify]

[Conditions to which the offer is subject:] [Not Applicable/give details]

[The Offer Period, including any possible amendments, during which the offer will be open and description of the application process:] [Not Applicable/give details]

[Details of the minimum and/or maximum amount of application:] [Not Applicable/give details]

[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not Applicable/give details]

[Details of the method and time limits for paying up and delivering the Securities:] [Not Applicable/give details]

[Manner in and date on which results of the offer are to be made public:] [Not Applicable/give details]

[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not Applicable/give details]

[Whether tranche(s) have been reserved for certain countries:] [Not Applicable/give details]

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not Applicable/give details]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable/*give details*]

[Consent to use of Base Prospectus]

[Not applicable.] [[The Issuer consents to the use of the Base Prospectus by all financial intermediaries (the "**Authorised Offerors**") (general consent).]

[The Issuer consents to the use of the Base Prospectus by the following Financial Intermediary[y][ies] (individual consent): [insert names] and address[es]] (the "**Authorised Offerors**").]

[Such consent is also subject to and given under condition []]

[The subsequent resale or final placement of the Certificates by the Authorised Offerors can be made [as long as the Base Prospectus is valid in accordance with article 12 of the Prospectus Regulation] [*include relevant period if less than 12 months*].]

6. DISTRIBUTION

[Applicable][Not applicable (*if not applicable, delete the entire section*)]

[Syndication:]

[The Securities will be distributed on a [non] syndicated basis.]

[Not applicable.]

[Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:] [] [Not applicable.]]

[Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and/or entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements:

[*give names, and addresses and underwriting commitments, if applicable*] [Not applicable.]]

(*Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers and an indication of the material features of the agreements, including, where applicable, the quotas. Where not all of the issue is underwritten, a statement of the portion not covered.*)

[Date of [subscription][placement] Agreement: [] [Not applicable.]]

[Name and address of any paying agents and depository agents in each country (in addition to the Issuing and Paying Agent):] [] [Not applicable.]]

[Stabilising Manager (if any):] [Not applicable][give name and address]

[Total commission, concession and other costs: *[specify the total commission, the single components of commission and cost, if any, and the elements to be taken into account for the purposes of determining the variable commission, if any, or other structuring fee, if any]* [Not applicable.]]

7. POST-ISSUANCE INFORMATION

The Issuer [intends to provide post-issuance information *[specify what information about the Underlying(s) 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].

8. OPERATIONAL INFORMATION

(i) ISIN Code: []

[(ii)] [Common Code] *[Or other security identification code, if any]:* [] [Not applicable]

[(iii)] Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., and relevant address(es): [Not applicable] [Monte Titoli S.p.A.] *[Insert name(s) and address(es)]*

[(iv)] Names and addresses of the Issuing and Paying Agent(s): []

):

[(v)] [Name(s) and address(es) of Listing Agent(s) *(only applicable for Listing Agent(s) other than the Luxembourg Listing Agent. Delete if not applicable):*] [[]]

[ANNEX]

(Only applicable in the case of multiple ISIN Codes issuance)

Series	Certificates Isin Code	Underlying	Isin Underlying / Bloomberg Code	[Protection /Protection Level]	[Cap/Cap Level]	[Strike/Strike Level]	[Barrier Level]	[Bonus/Bonus Level]	[Digital Coupon]	[Digital Level]	<i>[Insert other applicable features among those set out under Condition 4 of the Terms and Conditions of the Securities]</i>

]

ISSUE SPECIFIC SUMMARY OF THE SECURITIES

[Insert the issue specific summary for the Securities]

OFFERING AND SALE

The Securities may be offered to retail clients, professional clients and other eligible counterparties. No action has been or will be taken by the Issuer that would permit a public offering of any Securities or possession or distribution of any offering material in relation to any Securities in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

1. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Unless the Final Terms in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Manager has represented and agreed, and each further Manager 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 Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor either in the European Economic Area or in the specified jurisdictions only. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - ii. a customer within the meaning of Directive 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 (as amended, the "**Prospectus Regulation**"); and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

2. PUBLIC OFFER SELLING RESTRICTION UNDER THE EU PROSPECTUS LEGISLATION

In relation to each member state of the European Economic Area (each a "**Member State**"), the Securities may not be offered to the public in that relevant Member State (the "**Relevant Member State**"), except that an offer of the Securities to the public may be made in that Relevant Member State:

- (a) if the Final Terms in relation to the Securities specify that an offer of those Securities may be made in the Relevant Member State in accordance with the EU Prospectus Legislation (as defined below) and the conditions of the offer applicable to the offer of the Securities set out in the Base Prospectus or in the relevant Final Terms, as the case may be, in the period beginning and ending on the dates specified in such Final Terms, provided that the Issuer has consented in writing to the use of the Base Prospectus for the purpose of such offer;
- (b) at any time if it is addressed solely to qualified investors as defined in the Prospectus Regulation (the "**Qualified Investors**");
- (c) at any time if it is addressed to fewer than 150 natural or legal persons (other than Qualified Investors) per Member State, subject to obtaining the prior consent of the Issuer or the relevant person or entity placing or offering the Securities nominated by the Issuer for any such offer; and/or

(d) at any time in any other circumstances falling within a Prospectus Exemption (as defined below),

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the EU Prospectus Legislation or supplement the Base Prospectus at least one banking day prior to the respective offer.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Member State 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.

The expression "**EU Prospectus Legislation**" means the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), all the Commission Delegated Regulations, and any relevant implementing measure in the Relevant Member State.

The expression "Prospectus Exemptions" means Article 1 (4) of the Prospectus Regulation, as applicable, and includes any additional exemptions and implementation measures applicable in the Relevant Member State.

3. UNITED STATES

No Securities of any series have been, nor will they be registered under the Securities Act or with any securities authority of any State or other jurisdiction of the U.S., and trading in the Securities has not been approved by the CFTC under the Commodity Exchange Act. The Securities may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to a U.S. person unless such offer or sale has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

The Securities are being offered and sold outside the U.S. to persons that are not U.S. persons (as defined in Regulation S) in reliance on Regulation S. No Securities of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in or into the United States (as defined in Regulation S) or to, or for the account or benefit of, any U.S. person and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

The Securities may not be legally or beneficially owned by U.S. persons at any time. Each holder and each beneficial owner of a Security hereby represents, as a condition to purchasing or owning the Security, or any beneficial interest therein, that neither it nor any person for whose account or benefit the Securities are being purchased is located in the United States, is a U.S. person or was solicited to purchase the Securities while present in the United States. Each holder and each beneficial owner of a Security hereby agrees not to offer, sell or deliver any of the Securities, at any time, directly or indirectly, in the U.S. or to any U.S. person. The term "U.S. person" has the meaning ascribed to it in Regulation S under the Securities Act.

Each Manager of an issue of Securities will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Securities of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Manager of an issue of Securities will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Securities at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any "directed selling efforts" (as defined in Regulation S of the Securities Act) with respect to the Securities and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Any person purchasing Securities of any series must agree with the Manager or the seller of such Securities that (i) it is not a U.S. person and it is not located in the United States and was not solicited to purchase the Securities while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any, U.S. person, (iii) it is not purchasing any Securities of such series for the account or benefit of any U.S. person and (iv) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of Securities will also be required to agree, and any person purchasing Securities of any series must agree, to send each person who purchases any Securities of such series from it, at or prior to confirmation of sale of any Securities, a written confirmation (which shall include the definitions of "United States" and "U.S. persons" set forth herein) stating that the Securities have not been registered under the Securities Act or any state securities laws, and that trading in the Securities has not been approved by the Commodity Futures Trading Commission under the Commodity Exchange Act and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

The Securities are also subject to U.S. tax law requirements and, except in certain transactions permitted by U.S. Treasury regulations, may not be offered, sold or delivered within the United States or its possessions or to United States persons. Terms used in this paragraph have the meanings given to them by the Code and the U.S. Treasury regulations promulgated thereunder.

In July 2010 the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") was enacted, which provides for substantial changes to the regulation of the futures and over-the-counter (OTC) derivative markets. Dodd-Frank requires regulators, including the CFTC, the Securities and Exchange Commission (the "**SEC**"), the Department of the Treasury, the Financial Stability Oversight Council (the FSOC), the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to adopt regulations to implement many of the requirements of the legislation.

Most of the regulations under Dodd-Frank have been adopted and these legislative and regulatory changes have increased the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivative markets. Without limitation, these changes will require many OTC derivative transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers are required to be registered, to comply with business conduct standards and to clear certain classes of interest rate and credit default swaps through registered derivatives clearing organizations (unless an exception to clearing applies). The various legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. These consequences could adversely affect the return on and value of the Securities.

US Tax Selling Restrictions

Securities that constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982, the Code, or US Treasury Regulations and are not considered to be in "registered form" for US federal income tax purposes ("**TEFRA Securities**") 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 compliance with (i) US Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**D Rules**"), or (ii) US Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**C Rules**").

With respect to TEFRA Securities issued in compliance with the D Rules, the Issuer and each Manager has represented and agreed that:

- (i) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the required restricted period it will not offer or sell such TEFRA Securities to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Global Securities that are TEFRA Securities that will be sold during the restricted period;
- (ii) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such TEFRA Securities are aware that such TEFRA Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);
- (iii) if it is a United States person, it is acquiring such TEFRA Securities for purposes of resale in connection with their original issuance, and if it retains such TEFRA Securities for its own account, it will do so in accordance with the requirements of the D Rules; and

with respect to each affiliate or distributor that acquires such TEFRA Securities from the Issuer or the Manager for purpose of offering or selling such TEFRA Securities during the restricted period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in Paragraphs (i), (ii) and (iii) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Dealer the representations and agreements contained in such Paragraphs.

With respect to TEFRA Securities issued in compliance with the C Rules, the Issuer and each Manager has represented and agreed that:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such TEFRA Securities within the United States or its possessions in connection with their original issuance; and
- (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its US office, if any, in the offer or sale of such TEFRA Securities.

Terms used in this Section shall have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, ("**Code**") and the US Treasury Regulations promulgated thereunder, including the C Rules and the D Rules.

The Hiring Incentives to Restore Employment Act of 2010 repealed the C Rules and D Rules for TEFRA Securities issued after 18 March 2012. However, in Notice 2012-20, the US Department of Treasury and the US Internal Revenue Service indicated that they intend to provide in regulations that rules identical to the C Rules and D Rules will apply to non-US issuers of TEFRA Securities for purposes of establishing an exemption from the excise tax imposed by Section 4701 of the Code. (The amount of the excise tax is one per cent. of the principal amount of the obligation, multiplied by the number of calendar years until the obligation reaches maturity). Consequently, TEFRA Securities issued in accordance with the C Rules or D Rules should continue to be treated as "foreign targeted obligations" that are exempt from the excise tax.

4. GENERAL

The Manager or, as the case may be, each Manager will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes

such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefor.

Neither the Issuer nor any Manager represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Manager or, as the case may be, each Manager will be required to comply with such other restrictions as the Issuer and the Manager(s) shall agree and as shall be set out in the applicable Final Terms.

TAXATION

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the Securities.

Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving Securities should consult their own tax advisers.

1. THE PROPOSED EUROPEAN FINANCIAL TRANSACTION TAX

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's Proposal**), for a financial transaction tax (**FTT**) to be adopted in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate. If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which could include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT may give rise to tax liabilities for the relevant Issuer with respect to certain transactions if it is adopted based on the Commission's Proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the relevant Issuer's hedging arrangements or the purchase or sale of securities (such as charged assets) or the exercise/settlement of a warrant. The relevant Issuer is, in certain circumstances, able to pass on any such tax liabilities to holders of the Securities and therefore this may result in investors receiving less than expected in respect of the Securities. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Securities (including secondary market transactions) if conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional Member States may decide to participate.

Prospective Securityholders are advised to seek their own professional advice in relation to the FTT.

2. U.S. FOREIGN ACCOUNT TAX COMPLIANCE WITHHOLDING

The Issuer and other financial institutions through which payments on the Securities may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, certain payments made by foreign financial institutions "foreign passthru payments" made two years after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment", or later. This withholding would potentially apply to payments in respect of (i) any Securities 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 after the "grandfathering date" which (A) with respect to Securities that give rise solely to foreign

passthru payments, is the date of publication made by U.S. Treasury Regulations defining the term foreign passthru payment, and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the Code as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

While the Securities are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depository for the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Securities should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities is uncertain at this time. The application of FATCA to "foreign passthru payments" on the Securities or to Securities issued or materially modified after the grandfathering date may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "IGA"), which entered into force on 17 August 2015. The IGA ratification law no. 95/2015 entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

Securityholders should consult their own tax advisors for more detailed information about FATCA and how FATCA may apply to payments they receive as a result of holding the Certificates.

3. **U.S. DIVIDEND EQUIVALENT PAYMENTS**

Section 871(m) of the Code treats a dividend equivalent payment as a dividend from sources within the United States that is generally subject to a 30 per cent. U.S. withholding tax, which may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A “**dividend equivalent**” payment (i) a substitutive dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a “specified notional principal contract” that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). U.S. Treasury regulations issued under Section 871(m) and applicable guidance require withholding on certain non-U.S. holders of the Securities with respect to amounts treated as dividend equivalent payments. Certain exceptions to this withholding requirement apply.

If the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

Section 871(m) of the Code is complex and its application may depend on your particular circumstances. You should consult your tax advisor regarding the potential application of Section 871(m) of the Code to the Securities.

4. **ITALIAN TAXATION**

The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

The following description does not discuss the treatment of the Securities that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This overview assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Base Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this overview. This overview also assumes that each transaction with respect to the Securities is at arm's length.

Where in this overview, English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Tax treatment of the Securities

To the extent that the Securities qualify as securitized derivative financial instruments, the following is the summary of the Italian tax treatment.

Capital gains tax

Securities qualifying as securitised derivative financial instruments and other securitised derivatives are subject to Article 67 of Presidential Decree No. 917 of 22 December 1986 (the "**TUIR**") and Legislative Decree No. 461 of 21 November 1997 (the "**Decree 461**"), as subsequently amended.

Any gain obtained from the sale or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Securityholders, also as part of the net value of the production for the regional tax on productive activities "**IRAP**" purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Securities are connected), a commercial partnership or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Securityholder is an (i) an individual holding the Securities not in connection with an entrepreneurial activity, (ii) a non-commercial partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or (iii) a non-commercial private or public institution, any capital gain realised by such Securityholder from the sale or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Securityholders may set off losses with gains, subject to certain conditions.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Securities, if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended (the "**Finance Act 2017**"), in Article 1(210-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**"), in Article 13-bis of Law Decree no 124 of 26 October 2019 and Article 136 of Law Decree No. 34 of 19 May 2020, as amended and supplemented from time to time.

In respect of the application of *imposta sostitutiva*, taxpayers may choose one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian Securityholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the investor pursuant to all sales or redemptions of the Securities carried out during any given tax year. The relevant Securityholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward and offset against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident Securityholder under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (a) the Securities being deposited with Italian banks, Italian investment companies (*società di intermediazione mobiliare*) ("**SIMs**") or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Securityholder. The depository intermediary (stockbrokers and other entities identified by a decree of the Ministry of Finance, each, an "**Intermediary**") is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds

to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident Securityholders under (i) to (iii) above who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included, together with Interest relating to such Securities, in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax at a rate of 26 per cent, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Securityholder who is a Italian resident real estate investment funds, ("**Real Estate UCIs**") or a Italian real estate investment companies with fixed capital ("**Real Estate SICAFs**") will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate UCI or of the Real Estate SICAF, but subsequent distributions made in favour of unitholders or shareholders, as well as redemptions of units/shares, will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate UCI is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Securityholders which is a open-ended or closed-ended investment fund (other than Real Estate Fund), a SICAF (an investment company with fixed capital other than a Real Estate SICAF) or a SICAV (an investment company with variable capital) established in Italy (the "**UCI**") will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed with the UCI, but a withholding tax of 26 per cent. may apply, in certain circumstances, to distributions made in favour of certain categories of unitholders or shareholders or in case of redemption or sale of the units or shares in the Funds (the "**Collective Investment Fund Withholding Tax**").

Any capital gains realised by a Securityholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains relating to the Securities issued by an Italian resident Issuer or an Issuer resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy in the tax sector as listed in Ministerial Decree of 4 September 1996, as amended and supplemented (the "**White List**") may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017, in Article 1(211-215) of Finance Act 2019, Article 13-bis of Law Decree No. 124 of 26 October 2019 and Article 136 of Law Decree No. 34 of 19 May 2020.

Capital gains realised by non-Italian resident Securityholders, not having a permanent establishment in Italy to which the Securities are connected, from the sale or redemption of Securities issued by an Italian resident issuer and traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax. The application of the exemption may be subject in certain cases to the timely filing by the non-Italian resident Securityholder, with the authorised financial intermediary, of an appropriate statement (*autocertificazione*) providing that the Securityholder is not resident in the

Republic of Italy for tax purposes and has no permanent establishment in Italy to which the Securities are effectively connected.

Capital gains realised by non-Italian resident Securityholder, without a permanent establishment in Italy to which the Securities are effectively connected, from the sale or redemption of Securities issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the Securityholder is the beneficial owner of the capital gains and: (a) is resident in a country which allows for a satisfactory exchange of information with Italy in the tax sector, as listed in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List, even if it does not possess the status of taxpayer therein.

If none of the conditions above is met, capital gains realised by non-Italian resident Securityholder without a permanent establishment in Italy to which the Securities are connected from the sale or redemption of Securities 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.

In any event, Securityholders who are eligible to benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Securities are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Securities issued by an Italian resident issuer, upon specific request and if adequate documentation is provided.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in paragraphs (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

Pursuant to article 6 Law no. 112/2016 ("Legge sul Dopo di Noi") as amended by article 89, paragraph 8, Legislative Decree 3 July 2017, no.117, asset or other rights (a) contributed to a trust, or (b) subject to a scope restriction ex article 2645-ter Italian Civil Code, or (c) contributed to a special fund ruled by *contratto di affidamento fiduciario*, in favor of persons with severe disabilities, are exempt from inheritance and gift tax. Upon the death of the person with severe disabilities, inheritance and gift tax will be due by the last beneficiary of the transfer, to be specifically identified within the deed.

The mortis causa transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) - that meets the requirements from time to time applicable as set forth by Italian law - is exempt from inheritance tax.

Transfer tax

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; (ii) private deeds are subject to registration tax only in case of use, voluntary registration or on occurrence of the so called cross-reference (*enunciazione*).

Italian financial transaction tax (so-called "Tobin Tax")

Article 1, paragraphs from 491 to 500, of Law No. 228 of 24 December 2012, as implemented by Ministerial Decree 21 February 2013 (the "**IFTT Decree**"), introduced a tax on financial transactions that applies to (i) the transfer of ownership in shares issued by companies having their registered office ("*sede legale*") located in Italy (the "**Chargeable Equity**"); and (ii) transactions in derivative financial instruments over Chargeable Equity, and (iii) transactions in transferable securities giving the right to acquire or sell mainly one or more Chargeable Equity, or giving rise to a cash settlement determined mainly by reference to one or more Chargeable Equity, and (iv) high frequency trading transactions, carried out on the Italian financial market, relating to shares, equity instruments, transferable securities sub (ii) (regardless of their issuer) and derivative financial instruments sub (iii) (regardless of their issuer).

Stamp duty

Pursuant to Article 13 of the Tariff attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Securities deposited in Italy. The stamp duty applies at a rate of 0.20 per cent. and cannot exceed €14,000 for taxpayers other than individuals; the taxable base is determined on the basis of the fair market value or, if no market value figure is available, of the nominal value or the redemption amount of such products. In the absence of the aforementioned values, reference is made to the purchase value of the Securities held, as inferable from the intermediary's records.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, as amended and supplemented, Italian resident individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships) holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent ("**IVAFE**"), which is determined in proportion to the period of ownership and cannot exceed €14,000 for taxpayers other than individuals.

This tax is calculated on the market value of the Securities at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value or in the case the nominal or redemption values cannot be determined, on the purchase price of any financial assets held outside the Italian territory by Italian resident individuals. If the financial products are no longer held on December 31 of the relevant year, reference is made to the value in the period of ownership. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax Monitoring Obligations

Pursuant to Italian Law Decree No. 167 of 28 June 1990, converted by Italian Law No. 227 of 4 August 1990, as amended by Italian Law No. 97 of 6 August 2013 and subsequently amended by Italian Law No. 50 of 28 March 2014 and Italian Law No. 225 of 1 December 2016, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the

aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding a € 15,000 threshold throughout the year, which *per se* do not require such disclosure). This requirement applies even if the taxpayer during the tax period has totally divested such assets. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument under the Italian money-laundering law.

Furthermore, the above reporting requirement is not to be complied with in relation to Securities deposited for management or administration with qualified Italian financial intermediaries, or with respect to contracts entered into through their intervention, upon condition that the cash flows and the items of income derived from the Securities have been made subject to tax by the same intermediaries.

EU directive on administrative cooperation and OECD common reporting standards in Italy

The EU Savings Directive adopted on 3 June 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from 1 January 2016 to prevent overlap between the Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures.

Italy has enacted Italian Law No. 95 of 18 June 2015 ("**Law 95/2015**") and the Italian Ministerial Decree dated 28 December 2015 implementing the CRS (and the amended EU Directive on Administrative Cooperation), which has entered into force on 1 January 2016, implemented Law 95/2015 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that the Securityholder holds the Securities through an Italian financial institution (as meant in the Italian Ministerial Decree of 28 December 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

Finally, on 25 May 2018 the EU Council Directive 2018/822 (the "**DAC 6**") has been adopted. Under the DAC 6 intermediaries and/or taxpayers which meet certain criteria are required to disclose to the relevant Tax Authorities certain information concerning cross-border arrangements, which contain one or more of a prescribed list of hallmarks, performed from 25 June 2018 onwards. Information with regard to reported arrangements will be automatically exchanged by the competent authority of each EU jurisdiction every 3 months.

Intermediaries involved may be legally obliged to notify to tax authorities of certain types of cross-border arrangements and of proposals of implement such arrangements.

IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF SECURITIES

Restrictions on Public Offers of Securities in Relevant Member States where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus.

Certain Tranches of Securities may be offered in circumstances where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus. Any such offer is referred to as a **Public Offer**. This Base Prospectus has been prepared on a basis that permits Public Offers of Securities. However, any person making or intending to make a Public Offer of Securities in any Member State of the European Economic Area where the Prospectus Regulation is applicable (each, a "**Relevant Member State**") may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Regulation, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 5(2) of the Prospectus Regulation (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Public Offer of such Securities.

Save as provided above, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any Public Offer of Securities in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Consent to subsequent resale given in accordance with Article 5(2) of the Prospectus Regulation (Retail Cascades)

In the context of any Public Offer of Securities, the Issuer has requested the CSSF to provide a certificate of approval in accordance with Article 25 of the Prospectus Regulation (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authorities of Austria, France, Germany, Ireland, Netherlands, Republic of Italy (the "**Host Member States**"). Even though the Issuer has elected (or will elect) to passport this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of Securities to see whether the Issuer has elected to make a public offer of Securities in either the Luxembourg or a Host Member State (each a "**Public Offer Jurisdiction**").

The Issuer accepts responsibility in the Public Offer Jurisdictions for which it has given consent referred to herein for the content of this Base Prospectus in relation to any person (an "**Investor**") to whom an offer of any Securities is made by any financial intermediary to whom the Issuer has given its consent to use this Base Prospectus (such financial intermediary, an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, the Issuer does not have any responsibility for any of the actions of an Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer or any Manager makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or Securities law requirements in relation to any Public Offer and none of the Issuer or any Manager has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, none of the Issuer and any Manager has authorised the making of any Public Offer by any offeror nor have they consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Securities. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer or any Manager accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Public Offer, an Investor is offered Securities by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base

Prospectus for the purposes of Article 11 of the Prospectus Regulation in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether they can rely on this Base Prospectus and/or who is responsible for its contents they should take legal advice.

Consent

The consent referred to relates to Offer Periods occurring within 12 months from the date of approval of this Base Prospectus.

In connection with each Tranche of Securities and subject to the conditions set out below under "*Common Conditions to Consent*":

- (1) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Securities during the relevant Offer Period stated in the Final Terms by the relevant Manager and by:
 - (a) any financial intermediary specified in the applicable Final Terms; and
 - (b) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website and identified as an Authorised Offeror in respect of the relevant Public Offer; and
- (2) if the applicable Final Terms specifies that the Issuer consents to the use of the Base Prospectus by all financial intermediaries, the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Securities during the relevant Offer Period stated in the Final Terms by any financial intermediary which satisfies the "Specific Conditions to Consent" set out below.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Public Offer are (in addition to the conditions described under "*Specific Conditions to Consent*" below if the applicable Final Terms specifies "general consent" as "Applicable") that such consent:

- (i) is only valid with reference to Public Offers occurring within 12 months from the date of this Base Prospectus;
- (ii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Securities in one or more of Luxembourg, Austria, France, Germany, Ireland, Netherlands, Republic of Italy, as specified in the applicable Final Terms; and
- (iii) is subject to any other conditions set out in the applicable Final Terms.

Each Tranche of Securities may only be offered to Investors as part of a Public Offer in the Relevant Member State(s) specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Specific Conditions to Consent

The conditions to the Issuer's consent are that:

- (i) the financial intermediary must be authorised to make such offers under the applicable legislation implementing the MiFID II in the Relevant Member State;
- (ii) the financial intermediary accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Securities] (the "**Securities**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Banco BPM S.p.A. (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Securities (the "**Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".*

The **Authorised Offeror Terms**, being the terms to which the relevant financial intermediary agrees in connection with using the Base Prospectus, are that the financial intermediary:

- (1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Manager that it will, at all times in connection with the relevant Public Offer:
 - (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Securities by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Manager if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
 - (b) comply with the restrictions set out under "Offering and Sale" in this Base Prospectus which would apply as if it were a Manager;
 - (c) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Securities does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
 - (d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Securities under the applicable laws and regulations of the Relevant Member State;
 - (e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Securities by the Investor), and will not permit any application for Securities in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
 - (f) retain investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Issuer and the relevant Manager or directly to the appropriate authority with jurisdiction over any Manager in order to enable the Issuer or any Manager to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer or any Manager;
 - (g) ensure that no holder of Securities or potential investor in the Securities shall become an indirect or direct client of the Issuer or the relevant Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
 - (h) co-operate with the Issuer and the relevant Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Manager as is available to such financial intermediary or which is within its power and control from time to time, together

with such further assistance as is reasonably requested by the Issuer or the relevant Manager:

- (i) in connection with any request or investigation by any regulator in relation to the Securities, the Issuer or the relevant Manager; and/or
- (ii) in connection with any complaints received by the Issuer and/or the relevant Manager relating to the Issuer and/or the relevant Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or
- (iii) which the Issuer or the relevant Manager may reasonably require from time to time in relation to the Securities and/or as to allow the Issuer or the relevant Manager fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (i) during the period of the initial offering of the Securities: (i) not sell the Securities at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Manager); (ii) not sell the Securities otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Securities (unless otherwise agreed with the relevant Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Manager;
- (j) either (i) obtain from each potential Investor an executed application for the Securities, or (ii) keep a record of all requests such financial intermediary (x) make for its discretionary management clients, (y) receive from its advisory clients and (z) receive from its execution-only clients, in each case prior to making any order for the Securities on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (k) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Manager to breach any Rule or subject the Issuer or the relevant Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (l) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;
- (m) make available to each potential investor in the Securities the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms provided by the Issuer for such purpose and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus and the applicable Final Terms; and
- (n) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Manager accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Manager (as applicable), use the legal or publicity names of the Issuer or the relevant Manager or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Securities on the

basis set out in the Base Prospectus;

- (2) agrees and undertakes to indemnify each of the Issuer and the relevant Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Manager.

Any financial intermediary who meets all of the conditions set out in "*Specific Conditions to Consent*" and "*Common Conditions to Consent*" above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (ii) under "*Specific Conditions to Consent*" above.

If the Final Terms state that the consent to use the prospectus is given to one or more specified financial intermediaries (individual consent), any new information with respect to financial intermediaries unknown at the time of the approval of the Base Prospectus or the filing of the Final Terms will be published on the website of the Issuer at <https://gruppo.bancobpm.it/investor-relations/strumenti-di-debito/emissioni-internazionali/>.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY SECURITIES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH SECURITIES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE SECURITIES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER AND ANY MANAGER (EXCEPT WHERE SUCH MANAGER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 7-8 February 2024. For the issue of any Series of Securities under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

Listing, approval and admission to trading

Application has been made to the CSSF, in its capacity as competent authority under the Prospectus Regulation, to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial opportuneness of the transactions set out under this Programme or the quality or solvency of the Issuer in compliance with the provisions of article 6(4) of the Prospectus Law 2019. Application has also been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be admitted to trading on (i) the Luxembourg Stock Exchange Regulated Market and to be listed on the Official List and (ii) the EuroMTF. The Luxembourg Stock Exchange Regulated Market is a regulated market for the purposes of the Directive 2014/65/EU as amended. The EuroMTF is not a regulated market for the purposes of the Directive 2014/65/EU as amended, but it is subject to the supervision of the CSSF.

Securities may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market or trading venue, or Securities may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets or trading venues as the Issuer may specify in the applicable Final Terms. After the Issue Date, application may be made to list the Securities on other stock exchanges or regulated markets or to admit to trading on other trading venues as the Issuer may decide.

Documents available

Copies of the following documents and, where appropriate, English translations of the latter may be inspected during normal business hours at the registered office of the Issuer and on the Issuer website <https://gruppo.bancobpm.it/investor-relations/strumenti-di-debito/emissioni-internazionali/> (save that item (iii) will be available for inspection only):

- (i) this Base Prospectus and any supplements to this Base Prospectus (together with any prospectuses published in connection with any future updates in respect of the Base Prospectus) and any other information incorporated herein or therein by reference;
- (ii) the constitutional documents of the Issuer;
- (iii) the Agency Agreement, where applicable, and the forms of the Global Securities;
- (iv) any future Final Terms (save that a Final Terms relating to a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the relevant Issuing and Paying Agent as to its holding of Securities and identity) and any other documents incorporated herein or therein by reference;
- (v) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document);

A copy of this Base Prospectus (and the information incorporated by reference therein) has been published on the websites of the Luxembourg Stock Exchange (www.luxse.com) and of the Issuer (<https://gruppo.bancobpm.it/investor-relations/strumenti-di-debito/emissioni-internazionali/>). Any Final Terms that are listed on the Luxembourg Stock Exchange will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). Any Final Terms that are not listed on the Luxembourg Stock Exchange but which relate to a Security which is offered in the European Economic Area in

circumstances where a prospectus is required to be published under the Prospectus Regulation will be published on the website of the Issuer only.

Copies of the constitutional documents of Banco BPM are available on the following website: <https://gruppo.bancobpm.it/en/corporate-governance/company-documents/>.

The information on the websites does not form part of the Base Prospectus and has not been scrutinised or approved by the competent Authority.

The Base Prospectus will remain publicly available for a period of 10 years.

Clearing systems

Securities to be represented by a Global Security have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code or any other security identification code, and ISIN for each issue of Securities allocated by Euroclear and Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Italian Dematerialised Securities will be accepted for clearance in Monte Titoli. Italian Dematerialised Securities will be in bearer form (*al portatore*) and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy).

If the Securities of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

Conditions for determining price

The price and amounts of Securities to be issued under the Programme will be determined by the Issuer and any Manager(s) at the time of issue in accordance with prevailing market conditions.

Post-issuance information

Save as set out in any Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any underlying or any other asset or basis of reference in relation to any issue of Securities, except if required by any applicable laws and regulations.

THE ISSUER

BANCO BPM S.p.A.
Piazza Filippo Meda, 4
20121 Milan

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AGENT**

BNP PARIBAS, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg

ISSUING AND PAYING AGENT FOR ITALIAN DEMATERIALISED SECURITIES

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CALCULATION AGENT

BANCO BPM S.p.A.
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LEGAL ADVISERS TO THE ISSUER

as to English law and Italian law

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