



International Swaps and Derivatives Association, Inc.

2016 CREDIT SUPPORT ANNEX FOR VARIATION MARGIN (VM)

dated as of 2nd October 2018 to

the Schedule to the

ISDA Master Agreement

dated as of 2nd October 2018

between

**BANCA MONTE DEI PASCHI DI
SIENA S.P.A.**, a bank duly incorporated
under the laws of Italy with its registered
Office in Piazza Salimbeni 3, Siena,
enrolled under no. 00884060526 with the
companies' register of Siena.

and

**CASSA DI RISPARMIO DI ASTI
S.P.A.**, a bank duly incorporated
under the laws of Italy with its
registered Office in Piazza Libertà 23,
Asti, enrolled under no.
00060550050 with the companies'
register of Asti.

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

Paragraph 1. Interpretation

- (a) **Definitions and Inconsistency.** Capitalised terms not otherwise defined in this Annex or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 10, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 11 and the other provisions of this Annex, Paragraph 11 will prevail. For the avoidance of doubt, references to "transfer" in this Annex mean, in relation to cash, payment and, in relation to other assets, delivery.

¹ This document is not intended to create a charge or other security interest over the assets transferred under its terms. Persons intending to establish a collateral arrangement based on the creation of a charge or other security interest should consider using the ISDA Credit Support Deed (English law) or the ISDA Credit Support Annex (New York law), as appropriate.

² This Credit Support Annex has been prepared for use with ISDA Master Agreements subject to English law. Users should consult their legal advisers as to the proper use and effect of this form and the arrangements it contemplates. In particular, users should consult their legal advisers if they wish to have the Credit Support Annex made subject to a governing law other than English law or to have the Credit Support Annex subject to a different governing law than that governing the rest of the ISDA Master Agreement (e.g., English law for the Credit Support Annex and New York law for the rest of the ISDA Master Agreement).

- (b) **Scope of this Annex and the Other CSA.** The only Transactions which will be relevant for the purposes of determining "Exposure" under this Annex will be the Covered Transactions specified in Paragraph 11. Each Other CSA, if any, is hereby amended such that the Transactions that will be relevant for purposes of determining "Exposure" thereunder, if any, will exclude the Covered Transactions and the Transaction constituted by this Annex. Except as provided in Paragraph 9(h), nothing in this Annex will affect the rights and obligations, if any, of either party with respect to "independent amounts" or initial margin under each Other CSA, if any, with respect to Transactions that are Covered Transactions.

Paragraph 2. Credit Support Obligations

- (a) **Delivery Amount (VM).** Subject to Paragraphs 3 and 4, upon a demand made by the Transferee on or promptly following a Valuation Date, if the Delivery Amount (VM) for that Valuation Date equals or exceeds the Transferor's Minimum Transfer Amount, then the Transferor will transfer to the Transferee Eligible Credit Support (VM) having a Value as of the date of transfer at least equal to the applicable Delivery Amount (VM) (rounded pursuant to Paragraph 11(c)(vi)(B)). Unless otherwise specified in Paragraph 11(c), the "**Delivery Amount (VM)**" applicable to the Transferor for any Valuation Date will equal the amount by which:

- (i) the Transferee's Exposure
exceeds
- (ii) the Value as of that Valuation Date of the Transferor's Credit Support Balance (VM) (adjusted to include any prior Delivery Amount (VM) and to exclude any prior Return Amount (VM), the transfer of which, in either case, has not yet been completed and for which the relevant Regular Settlement Day falls on or after such Valuation Date).

- (b) **Return Amount (VM).** Subject to Paragraphs 3 and 4, upon a demand made by the Transferor on or promptly following a Valuation Date, if the Return Amount (VM) for that Valuation Date equals or exceeds the Transferee's Minimum Transfer Amount, then the Transferee will transfer to the Transferor Equivalent Credit Support (VM) specified by the Transferor in that demand having a Value as of the date of transfer as close as practicable to the applicable Return Amount (VM) (rounded pursuant to Paragraph 11(c)(vi)(B)) and the Credit Support Balance (VM) will, upon such transfer, be reduced accordingly. Unless otherwise specified in Paragraph 11(c)(i)(B), the "**Return Amount (VM)**" applicable to the Transferee for any Valuation Date will equal the amount by which:

- (i) the Value as of that Valuation Date of the Transferor's Credit Support Balance (VM) (adjusted to include any prior Delivery Amount (VM) and to exclude any prior Return Amount (VM), the transfer of which, in either case, has not yet been completed and for which the relevant Regular Settlement Day falls on or after such Valuation Date)
exceeds
- (ii) the Transferee's Exposure.

Paragraph 3. Transfers, Calculations and Exchanges

- (a) **Transfers.** All transfers under this Annex of any Eligible Credit Support (VM), Equivalent Credit Support (VM), Interest Payment (VM) or Equivalent Distributions will be made in accordance with the instructions of the Transferee or Transferor, as applicable, and will be made:
- (i) in the case of cash, by transfer into one or more bank accounts specified by the recipient;

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(ii) in the case of certificated securities which cannot or which the parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring party's legal and beneficial title to the recipient; and

(iii) in the case of securities which the parties have agreed will be delivered by book-entry, by causing the relevant depository institution(s) or other securities intermediaries to make changes to their books and records sufficient to result in a legally effective transfer of the transferring party's legal and beneficial title to the recipient or its agent.

Subject to Paragraph 4, and unless otherwise specified in Paragraph 11, if a demand for the transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM) is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the Regular Settlement Day relating to the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the Regular Settlement Day relating to the day after the date such demand is received.

(b) **Calculations.** All calculations of Value and Exposure for purposes of Paragraph 2 and Paragraph 4(a) will be made by the relevant Valuation Agent as of the relevant Valuation Time, *provided* that, the Valuation Agent may use, in the case of any calculation of (i) Value, Values most recently reasonably available for close of business in the relevant market for the relevant Eligible Credit Support (VM) as of the Valuation Time and (ii) Exposure, relevant information or data most recently reasonably available for close of business in the relevant market(s) as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or, in the case of Paragraph 4(a), following the date of calculation).

(c) **Exchanges.**

(i) Unless otherwise specified in Paragraph 11, the Transferor may on any Local Business Day by notice inform the Transferee that it wishes to transfer to the Transferee Eligible Credit Support (VM) specified in that notice (the "**New Credit Support (VM)**") in exchange for certain Eligible Credit Support (VM) (the "**Original Credit Support (VM)**") specified in that notice comprised in the Transferor's Credit Support Balance (VM).

(ii) If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to transfer the New Credit Support (VM) to the Transferee on the first Settlement Day following the date on which it receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B) the Transferee will be obliged to transfer to the Transferor Equivalent Credit Support (VM) in respect of the Original Credit Support (VM) not later than the Settlement Day following the date on which the Transferee receives the New Credit Support (VM), unless otherwise specified in Paragraph 11(e) (the "**Exchange Date**"); *provided* that the Transferee will only be obliged to transfer Equivalent Credit Support (VM) with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the New Credit Support (VM) as of that date.

Paragraph 4. Dispute Resolution

(a) **Disputed Calculations or Valuations.** If a party (a "**Disputing Party**") reasonably disputes (I) the Valuation Agent's calculation of a Delivery Amount (VM) or a Return Amount (VM) or (II) the Value of any transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM), then:

(1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the date that the transfer is due

in respect of such Delivery Amount (VM) or Return Amount (VM) in the case of (I) above, or, in the case of (II) above, the Local Business Day following the date of transfer;

(2) in the case of (I) above, the appropriate party will transfer the undisputed amount to the other party not later than the close of business on the date that the transfer is due in respect of such Delivery Amount (VM) or Return Amount (VM);

(3) the parties will consult with each other in an attempt to resolve the dispute; and

(4) if they fail to resolve the dispute by the Resolution Time, then:

(i) in the case of a dispute involving a Delivery Amount (VM) or Return Amount (VM), unless otherwise specified in Paragraph 11, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilising any calculations of that part of the Exposure attributable to the Covered Transactions that the parties have agreed are not in dispute;

(B) (I) if this Agreement is a 1992 ISDA Master Agreement, calculating the Exposure for the Covered Transactions in dispute by seeking four actual quotations at midmarket from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained, or (II) if this Agreement is an ISDA 2002 Master Agreement or a 1992 ISDA Master Agreement in which the definition of Loss and/or Market Quotation has been amended (including where such amendment has occurred pursuant to the terms of a separate agreement or protocol) to reflect the definition of Close-out Amount from the pre-printed form of the ISDA 2002 Master Agreement as published by ISDA, calculating that part of the Exposure attributable to the Covered Transactions in dispute by seeking four actual quotations at mid-market from third parties for purposes of calculating the relevant Close-out Amount, and taking the arithmetic average of those obtained; *provided that*, in either case, if four quotations are not available for a particular Covered Transaction, then fewer than four quotations may be used for that Covered Transaction, and if no quotations are available for a particular Covered Transaction, then the Valuation Agent's original calculations will be used for the Covered Transaction; and

(C) utilising the procedures specified in Paragraph 11(f)(ii) for calculating the Value, if disputed, of the outstanding Credit Support Balance (VM);

(ii) in the case of a dispute involving the Value of any transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM), the Valuation Agent will recalculate the Value as of the date of transfer pursuant to Paragraph 11(f)(ii).

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) as soon as possible but in any event not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following such notice given by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraph 3(a), make the appropriate transfer.

(b) **No Event of Default.** The failure by a party to make a transfer of any amount which is the subject of a dispute to which Paragraph 4(a) applies will not constitute an Event of Default for as long as the procedures set out in this Paragraph 4 are being carried out. For the avoidance of doubt, upon completion of those procedures, Section 5(a)(i) of this Agreement will apply to any failure by a party to make a transfer required under the final sentence of Paragraph 4(a) on the relevant due date.

Paragraph 5. Transfer of Title, No Security Interest, Distributions and Interest Amount (VM)

(a) **Transfer of Title.** Each party agrees that all right, title and interest in and to any Eligible Credit Support (VM), Equivalent Credit Support (VM), Equivalent Distributions or Interest Payment (VM) which it transfers to the other party under the terms of this Annex will vest in the recipient

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free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance system).

- (b) **No Security Interest.** Nothing in this Annex is intended to create or does create in favour of either party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one party to the other party under the terms of this Annex.

- (c) **Distributions and Interest Amount.**

(i) **Distributions.** The Transferee will transfer to the Transferor not later than the Settlement Day following each Distributions Date cash, securities or other property of the same type, nominal value, description and amount as the relevant Distributions ("**Equivalent Distributions**") to the extent that a Delivery Amount (VM) would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

(ii) **Interest Payment (VM).** Unless otherwise specified in Paragraph 11(g)(iv):

(A) if "Interest Transfer" is specified as applicable in Paragraph 11(g)(ii), the Interest Payer (VM) will transfer to the Interest Payee (VM), at the times specified in Paragraph 11(g)(ii) and on any Early Termination Date referred to in Paragraph 6, the relevant Interest Payment (VM), *provided* that if "Interest Payment Netting" is specified as applicable in Paragraph 11(g)(ii):

(I) if the Interest Payer (VM) is entitled to demand a Delivery Amount (VM) or Return Amount (VM) in respect of the date such Interest Payment (VM) is required to be transferred:

(a) such Delivery Amount (VM) or Return Amount (VM) will be reduced (but not below zero) by the Interest Payment (VM), *provided* that, in case of such Return Amount (VM), if the amount in the Credit Support Balance (VM) which is comprised of cash in the Base Currency is less than such Interest Payment (VM), such reduction will only be to the extent of the amount of such cash comprised in the Credit Support Balance (VM) (the "**Eligible Return Amount (VM)**"); and

(b) the Interest Payer (VM) will transfer to the Interest Payee (VM) the amount of the excess, if any, of such Interest Payment (VM) over such Delivery Amount (VM) or Eligible Return Amount (VM), as applicable;

(II) if under Paragraph 5(c)(ii)(A)(I)(a) a Delivery Amount (VM) is reduced (the amount of such reduction, the "**Delivery Amount Reduction (VM)**") or a Return Amount (VM) is reduced (the amount of such reduction, the "**Return Amount Reduction (VM)**"), then for purposes of calculating the Credit Support Balance (VM) only, the Transferee will be deemed to have received an amount in cash in the Base Currency equal to any Delivery Amount Reduction (VM) and will be deemed to have transferred an amount in cash in the Base Currency equal to any Return Amount Reduction (VM), as applicable, in each case on the day on which the relevant Interest Payment (VM) was due to be transferred; and

(B) if "Interest Adjustment" is specified as applicable in Paragraph 11(g)(ii), the Credit Support Balance (VM) will be adjusted by the Transferee, at the times specified in

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Paragraph 11(g)(ii) and on any Early Termination Date referred to in Paragraph 6 as follows:

- (I) if the Interest Amount (VM) for an Interest Period is a positive number, the Interest Amount (VM) will constitute an addition of an amount of cash in the Base Currency comprised in the Credit Support Balance (VM); and
- (II) if the Interest Amount (VM) for an Interest Period is a negative number, the Interest Amount (VM) will constitute a reduction to the amount of cash in the Base Currency comprised in the Credit Support Balance (VM) in an amount (such amount, the "*Interest Adjustment Reduction Amount (VM)*") equal to the absolute value of the Interest Amount (VM); *provided* that if the amount in the Credit Support Balance (VM) which is comprised of cash in the Base Currency is less than the Interest Adjustment Reduction Amount (VM), such reduction will only be to the extent of the amount of such cash comprised in the Credit Support Balance (VM) and the Transferor will be obliged to transfer the remainder of the Interest Adjustment Reduction Amount (VM) to the Transferee on the day that such reduction occurred.

Paragraph 6. Default

If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to a party, an amount equal to the Value of the Credit Support Balance (VM), determined as though the Early Termination Date were a Valuation Date, will be deemed to be an Unpaid Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 6(e). For the avoidance of doubt (a) any Market Quotation determined under Section 6(e) in relation to the Transaction constituted by this Annex will be deemed to be zero, (b) any Loss determined under Section 6(e) in relation to the Transaction constituted by this Annex will be limited to the Unpaid Amount representing the Value of the relevant Credit Support Balance (VM) and any unsatisfied obligations with respect to the transfer of an Interest Payment (VM); (c) any Close-out Amount determined under Section 6(e) in relation to the Transaction constituted by this Annex will be deemed to be zero; and (d) no Unpaid Amount will be determined with respect to an unsatisfied obligation under Paragraph 2 and Paragraph 3(c).

Paragraph 7. Representation

Each party represents to the other party (which representation will be deemed to be repeated as of each date on which it transfers Eligible Credit Support (VM), Equivalent Credit Support (VM) or Equivalent Distributions) that it is the sole owner of or otherwise has the right to transfer all Eligible Credit Support (VM), Equivalent Credit Support (VM) or Equivalent Distributions it transfers to the other party under this Annex, free and clear of any security interest, lien, encumbrance or other restriction (other than a lien routinely imposed on all securities in a relevant clearance system).

Paragraph 8. Expenses

Each party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Annex) in connection with performing its obligations under this Annex, and neither party will be liable for any such costs and expenses incurred by the other party.

Paragraph 9. Miscellaneous

- (a) **Default Interest.** Other than in the case of an amount which is the subject of a dispute under Paragraph 4, if a Transferee fails to make, when due, any transfer of Equivalent Credit Support (VM) or Equivalent Distributions, it will be obliged to pay the Transferor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value on

the relevant Valuation Date of the items of property that were required to be transferred, from (and including) the date that the Equivalent Credit Support (VM) or Equivalent Distributions were required to be transferred to (but excluding) the date of transfer of the Equivalent Credit Support (VM) or Equivalent Distributions. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed. Other than in the case of an amount which is the subject of a dispute under Paragraph 4, if an Interest Payer (VM) fails to make, when due, any transfer of an Interest Payment (VM), it will be obliged to pay the Interest Payee (VM) (to the extent permitted under applicable law) an amount equal to interest at the Default Rate (and for such purposes, if the Default Rate is less than zero, it will be deemed to be zero) multiplied by that Interest Payment (VM), from (and including) the date that Interest Payment (VM) was required to be transferred to (but excluding) the date of transfer of that Interest Payment (VM). This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

- (b) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.
- (c) **~~Demands and Notices.~~** All demands and notices given by a party under this Annex will be given as specified in Section 12 of this Agreement.
- (d) **Specifications of Certain Matters.** Anything referred to in this Annex as being specified in Paragraph 11 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.
- (e) **Legally Ineligible Credit Support (VM).**

Unless otherwise specified in Paragraph 11, upon delivery of a Legal Ineligibility Notice by a party, each item of Eligible Credit Support (VM) (or a specified amount of such item) identified in such notice (i) will cease to be Eligible Credit Support (VM) for purposes of transfers to such party as the Transferee hereunder as of the applicable Transfer Ineligibility Date, (ii) will cease to be Eligible Credit Support (VM) for the other party as the Transferor for all purposes hereunder (other than for the purposes of the definitions of Credit Support Balance (VM) and Equivalent Credit Support (VM)) as of the Total Ineligibility Date and (iii) will have a Value of zero on and from the Total Ineligibility Date, other than for the purposes of Paragraph 6.

"Legal Ineligibility Notice" means a written notice from the Transferee to the Transferor in which the Transferee (i) represents that the Transferee has determined that one or more items of Eligible Credit Support (VM) (or a specified amount of any such item) either has ceased to satisfy, or as of a specified date will cease to satisfy, collateral eligibility requirements under law applicable to the Transferee requiring the collection of variation margin (the **"Legal Eligibility Requirements"**), (ii) lists the item(s) of Eligible Credit Support (VM) (and, if applicable, the specified amount of such item) that have ceased to satisfy, or as of a specified date will cease to satisfy, the Legal Eligibility Requirements, (iii) describes the reason(s) why such item(s) of Eligible Credit Support (VM) (or the specified amount thereof) have ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements and (iv) specifies the Total Ineligibility Date and, if different, the Transfer Ineligibility Date.

"Total Ineligibility Date" means the date on which the relevant item of Eligible Credit Support (VM) (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements applicable to the Transferee for all purposes hereunder, *provided that*, unless otherwise specified in Paragraph 11, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Total Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

"Transfer Ineligibility Date" means the date on which the relevant item of Eligible Credit Support (VM) (or a specified amount of such item) has ceased to satisfy, or will cease to satisfy, the Legal Eligibility Requirements for purposes of transfers to the Transferee hereunder, *provided* that, unless otherwise specified in Paragraph 11, if such date is earlier than the fifth Local Business Day following the date on which the Legal Ineligibility Notice is delivered, the Transfer Ineligibility Date will be the fifth Local Business Day following the date of such delivery.

- (f) **Return of Equivalent Credit Support (VM).** The Transferee will, promptly upon demand (but in no event later than the time at which a transfer would be due under Paragraph 3(a) with respect to a demand for the transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM)), transfer to the Transferor Equivalent Credit Support (VM) in respect of any item comprised in the Credit Support Balance (VM) (or the specified amount of such item) that as of the date of such demand has a Value of zero; *provided* that the Transferee will only be obligated to transfer any Equivalent Credit Support (VM) in accordance with this Paragraph 9(f), if, as of the date of transfer of such item, the Transferor has satisfied all of its transfer obligations under this Annex, if any.
- (g) **Reinstatement of Credit Support Eligibility.** Upon a reasonable request by the Transferor, the Transferee will determine whether an item (or a specified amount of such item) of Eligible Credit Support (VM) that was the subject of a prior Legal Ineligibility Notice would currently satisfy the Legal Eligibility Requirements applicable to the Transferee. If the Transferee determines that as of such date of determination such item (or specified amount of such item) satisfies the Legal Eligibility Requirements applicable to the Transferee, the Transferee will promptly following such determination rescind the relevant Legal Ineligibility Notice with respect to such item (or specified amount of such item) by written notice to the Transferor. Upon the delivery of such notice, the relevant item (or specified amount of such item) will constitute Eligible Credit Support (VM) hereunder.
- (h) **Credit Support Offsets.** If the parties specify that "Credit Support Offsets" is applicable in Paragraph 11 and on any date:
- (i) a transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM) is due under this Annex to satisfy a Delivery Amount (VM) or a Return Amount (VM) obligation, and a transfer of credit support (other than any Other CSA Excluded Credit Support) is also due under any Other CSA;
 - (ii) the parties have notified each other of the credit support that they intend to transfer under this Annex and transfer under such Other CSA (other than any Other CSA Excluded Credit Support) to satisfy their respective obligations; and
 - (iii) in respect of Paragraph 9(h)(ii), each party intends to transfer one or more types of credit support that is fully fungible with one or more types of credit support the other party intends to transfer (each such credit support, a "**Fungible Credit Support Type**"),

then, on such date and in respect of each such Fungible Credit Support Type, each party's obligation to make a transfer of any such Fungible Credit Support Type hereunder or under such Other CSA will be automatically satisfied and discharged and, if the aggregate amount that would have otherwise been transferred by one party exceeds the aggregate amount that would have otherwise been transferred by the other party, replaced by an obligation hereunder or under such Other CSA, as applicable, upon the party by which the larger aggregate amount would have been transferred to transfer to the other party the excess of the larger aggregate amount over the smaller aggregate amount. If a party's obligation to make a transfer of credit support under this Annex or an Other CSA is automatically satisfied and discharged pursuant to this Paragraph 9(h), then for purposes of this Annex or the Other CSA, as applicable, the other party will be deemed to have received credit support of the applicable Fungible Credit Support Type in the amount that would otherwise have been required to be transferred, in each case on the day on which the relevant transfer was due.

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Paragraph 10. Definitions

As used in this Annex:

"Base Currency" means the currency specified as such in Paragraph 11(a)(i).

"Base Currency Equivalent" means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the **"Other Currency"**), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate on such Valuation Date as determined by the Valuation Agent.

"Covered Transaction" has the meaning specified in Paragraph 11(b).

"Credit Support Balance (VM)" means, with respect to a Transferor on a Valuation Date, the aggregate of all Eligible Credit Support (VM) that has been transferred to or received by the Transferee under this Annex, together with any Distributions and all proceeds of any such Eligible Credit Support (VM) or Distributions, as reduced pursuant to Paragraph 2(b), 3(c)(ii) or 6 and as adjusted pursuant to Paragraph 5(c)(ii). Any Equivalent Distributions (or portion thereof) not transferred pursuant to Paragraph 5(c)(i) will form part of the Credit Support Balance (VM).

"Credit Support Eligibility Condition (VM)" means, with respect to any item specified for a party as Eligible Credit Support (VM) in Paragraph 11(c)(ii), any condition specified for that item in Paragraph 11(c)(iv).

"Delivery Amount (VM)" has the meaning specified in Paragraph 2(a).

"Delivery Amount Reduction (VM)" has the meaning specified in Paragraph 5(c)(ii)(A)(II).

"Disputing Party" has the meaning specified in Paragraph 4.

"Distributions" means, with respect to any Eligible Credit Support (VM) comprised in the Credit Support Balance (VM) consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support (VM) would be entitled from time to time.

"Distributions Date" means, with respect to any Eligible Credit Support (VM) comprised in the Credit Support Balance (VM) other than cash, each date on which a holder of such Eligible Credit Support (VM) is entitled to receive Distributions or, if that date is not a Local Business Day, the next following Local Business Day.

"Eligible Credit Support (VM)" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 11(c)(ii) including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

"Eligible Currency" means each currency specified as such in Paragraph 11(a)(ii), if such currency is freely available.

"Eligible Return Amount (VM)" has the meaning specified in Paragraph 5(c)(ii)(A)(I)(a).

"Equivalent Credit Support (VM)" means, in relation to any Eligible Credit Support (VM) comprised in the Credit Support Balance (VM), Eligible Credit Support (VM) of the same type, nominal value, description and amount as that Eligible Credit Support (VM).

"Equivalent Distributions" has the meaning specified in Paragraph 5(c)(i).

"Exchange Date" has the meaning specified in Paragraph 11(e).

"Exposure" means , unless otherwise specified in Paragraph 11 for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 4 in the case of a dispute:

(i) if this Agreement is a 1992 ISDA Master Agreement, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) of this Agreement if all Covered Transactions (other than the Transaction constituted by this Annex) were being terminated as of the relevant Valuation Time on the basis that (A) that party is not the Affected Party and (B) the Base Currency is the Termination Currency; *provided* that Market Quotations will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation"); and

(ii) if this Agreement is an ISDA 2002 Master Agreement or a 1992 ISDA Master Agreement in which the definition of Loss and/or Market Quotation has been amended (including where such amendment has occurred pursuant to the terms of a separate agreement or protocol) to reflect the definition of Close-out Amount from the pre-printed form of the ISDA 2002 Master Agreement as published by ISDA, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) (but without reference to clause (3) of Section 6(e)(ii)) of this Agreement as if all Covered Transactions (other than the Transactions constituted by this Annex) were being terminated as of the relevant Valuation Time on the basis that (A) that party is not the Affected Party and (B) the Base Currency is the Termination Currency; *provided* that the Close-out Amount will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for transactions providing the economic equivalent of (X) the material terms of the Covered Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of the Covered Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in Section 2(a)(iii) of this Agreement); and (Y) the option rights of the parties in respect of the Covered Transactions.

"Fungible Credit Support Type" has the meaning specified in Paragraph 9(h)(iii).

"FX Haircut Percentage" means, for any item of Eligible Credit Support (VM), the percentage specified as such in Paragraph 11(c)(v).

"Interest Adjustment Reduction Amount (VM)" has the meaning specified in Paragraph 5(c)(ii)(B)(II).

"Interest Amount (VM)" means with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on the portion of the Credit Support Balance (VM) comprised of cash in such currency, determined by the Valuation Agent for each such day as follows:

- (i) the amount of cash in such currency on that day plus, only if "Daily Interest Compounding" is specified as applicable in Paragraph 11(g)(iii), the aggregate of each Interest Amount (VM) determined for each preceding day, if any, in that Interest Period; multiplied by
- (ii) the relevant Interest Rate (VM) in effect for that day; divided by
- (iii) 360 (or, in the case of pounds sterling or any other currency specified as an "A/365 Currency" in Paragraph 11(g)(i), 365),

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provided that, unless "Negative Interest" is specified as applicable in Paragraph 11(g)(iii), if the Interest Amount (VM) for an Interest Period would be a negative amount, it will be deemed to be zero.

"Interest Payee (VM)" means, in relation to an Interest Payer (VM), the other party.

"Interest Payer (VM)" means the Transferee, *provided* that if "Negative Interest" is specified as applicable in Paragraph 11(g)(iii) and an Interest Payment (VM) is determined in respect of a negative Interest Amount (VM), the Interest Payer (VM) in respect of such Interest Payment (VM) will be the Transferor.

"Interest Payment (VM)" means, with respect to an Interest Period, the Interest Amount (VM) determined in respect of such Interest Period, *provided* that in respect of any negative Interest Amount (VM), the Interest Payment (VM) will be the absolute value of such negative Interest Amount (VM).

"Interest Period" means the period from (and including) the last day on which (i) a party became obliged to transfer an Interest Payment (VM) or (ii) an Interest Amount (VM) was added to the Credit Support Balance (VM) (or, if no Interest Payment (VM) or Interest Amount (VM) has yet fallen due or been added to the Credit Support Balance (VM), respectively, the day on which Eligible Credit Support (VM) or Equivalent Credit Support (VM) in the form of cash was transferred to or received by the Transferee) to (but excluding) the day on which (i) a party is obliged to transfer the current Interest Payment (VM) or (ii) the current Interest Amount (VM) is added to the Credit Support Balance (VM).

"Interest Rate (VM)" means, with respect to an Eligible Currency, the rate specified in Paragraph 11(g)(i) for that currency.

"Legal Eligibility Requirements" has the meaning specified in Paragraph 9(e).

"Legal Ineligibility Notice" has the meaning specified in Paragraph 9(e).

"Local Business Day", unless otherwise specified in Paragraph 11(k), means:

- (i) in relation to a transfer of cash or other property (other than securities) under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment;
- (ii) in relation to a transfer of securities under this Annex, a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose;
- (iii) in relation to the Resolution Time, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in at least one Valuation Date Location for Party A and at least one Valuation Date Location for Party B; and
- (iv) in relation to any notice or other communication under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

"Minimum Transfer Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 11(c)(vi)(A) or if no amount is specified, zero.

"New Credit Support (VM)" has the meaning specified in Paragraph 3(c)(i).

"Notification Time" has the meaning specified in Paragraph 11(d)(iv).

"Original Credit Support (VM)" has the meaning specified in Paragraph 3(c)(i).

"Other CSA" means, unless otherwise specified in Paragraph 11, any other credit support annex or credit support deed that is in relation to, or that is a Credit Support Document in relation to, this Agreement.

"Other CSA Excluded Credit Support" means, with respect to an Other CSA, any amounts and items transferred as credit support under such Other CSA, which, pursuant to the terms of such Other CSA, Party A and Party B have agreed must be segregated in an account maintained by a third-party custodian or for which offsets are prohibited.

"Recalculation Date" means the Valuation Date that gives rise to the dispute under Paragraph 4; *provided, however*, that if a subsequent Valuation Date occurs under Paragraph 2 prior to the resolution of the dispute, then the **"Recalculation Date"** means the most recent Valuation Date under Paragraph 2.

"Regular Settlement Day" means, unless otherwise specified in Paragraph 11, the same Local Business Day on which a demand for the transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM) is made.

"Resolution Time" has the meaning specified in Paragraph 11(f)(i).

"Return Amount (VM)" has the meaning specified in Paragraph 2(b).

"Return Amount Reduction (VM)" has the meaning specified in Paragraph 5(c)(ii)(A)(II).

"Settlement Day" means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Local Business Day and (ii) with respect to a transfer of securities, the first Local Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Local Business Day after such date on which it is reasonably practicable to deliver such securities).

"Total Ineligibility Date" has the meaning specified in Paragraph 9(e), unless otherwise specified in Paragraph 11.

"Transferee" means, in relation to each Valuation Date, the party in respect of which Exposure is a positive number and, in relation to a Credit Support Balance (VM), the party which, subject to this Annex, owes such Credit Support Balance (VM) or, as the case may be, the Value of such Credit Support Balance (VM) to the other party.

"Transferor" means, in relation to a Transferee, the other party.

"Transfer Ineligibility Date" has the meaning specified in Paragraph 9(e), unless otherwise specified in Paragraph 11.

"Valuation Agent" has the meaning specified in Paragraph 11(d)(i).

"Valuation Date" means, unless otherwise specified in Paragraph 11, each day from, and including, the date of this Annex, that is a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in at least one Valuation Date Location for Party A and at least one Valuation Date Location for Party B.

"Valuation Date Location" has the meaning specified in Paragraph 11(d)(ii).

"Valuation Percentage" means, for any item of Eligible Credit Support (VM), the percentage specified as such in Paragraph 11(c)(v).

"Valuation Time" means, unless otherwise specified in Paragraph 11, the time as of which the Valuation Agent computes its end of day valuations of derivatives transactions in the ordinary course of its business (or such other commercially reasonable convenient time on the relevant day as the Valuation Agent may determine).

"Value" means, for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 4 in the case of a dispute, with respect to:

(i) Eligible Credit Support (VM) comprised in a Credit Support Balance (VM) or Equivalent Credit Support (VM) that is:

(A) an amount of cash, the Base Currency Equivalent of such amount multiplied by $(VP - H_{FX})$, *provided that*, in the case of a determination of a Value for the purposes of Paragraph 6, the Value will be the Base Currency Equivalent of such amount; and

(B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by $(VP - H_{FX})$, where:

VP equals the applicable Valuation Percentage; and

H_{FX} equals the applicable FX Haircut Percentage,

provided that, in the case of a determination of a Value for the purposes of Paragraph 6, the Value will be the Base Currency Equivalent of the bid price obtained by the Valuation Agent; and

(ii) items that are comprised in a Credit Support Balance (VM) and are not Eligible Credit Support (VM) (including any item or any portion of any item that fails to satisfy any (A) Credit Support Eligibility Conditions (VM) applicable to it or (B) applicable Legal Eligibility Requirements), zero *provided that* any items that are comprised in a Credit Support Balance (VM) that are not Eligible Credit Support (VM) will, in the case of a determination of a Value for the purposes of Paragraph 6, have a Value determined in accordance with (i) above as if they were Eligible Credit Support (VM).

Paragraph 11. Elections and Variables

(a) *Base Currency and Eligible Currency.*

- (i) "*Base Currency*" means Euro ("*EUR*").
- (ii) "*Eligible Currency*" means the Base Currency.

(b) *"Covered Transactions"; "Exposure"*

- (i) The term "*Covered Transactions*" as used in this Annex includes any Transaction specified below.

For the purposes of the foregoing, the term "*Covered Transactions*" includes any Transaction under the Agreement except Spot FX Transactions.

As used above:

"Spot FX Transaction" means any foreign exchange transaction that settles in an actual delivery of the relevant currencies within two Business Days or within the customary timeline of the relevant spot market for those currencies.

- (ii) *"Exposure"* has the meaning specified in Paragraph 10.

(c) *Credit Support Obligations.*

- (i) *Delivery Amount (VM) and Return Amount (VM).*

(A) "*Delivery Amount (VM)*" has the meaning specified in Paragraph 2(a).

(B) "*Return Amount (VM)*" has the meaning specified in Paragraph 2(b).

- (ii) *Eligible Credit Support (VM).* Subject to Paragraph 9(e), if applicable, and each Credit Support Eligibility Condition (VM) applicable to it specified in Paragraph 11, if any, the following items will qualify as "*Eligible Credit Support (VM)*" for the party specified (as the Transferor):

	Party A	Valuation Percentage	Party B	Valuation Percentage
Cash in an Eligible Currency	Yes	100%	Yes	100%

(iii) **Legally Ineligible Credit Support (VM).** The provisions of Paragraph 9(e) will apply.

(iv) **Credit Support Eligibility Conditions (VM)** do not apply.

(v) **"Valuation Percentage"; "FX Haircut Percentage"**

(A) **"Valuation Percentage"** means, with respect to each party (as the Transferor) and item of Eligible Credit Support (VM), the percentage (expressed as a decimal) specified in Paragraph 11(c)(ii). If at any time the Valuation Percentage assigned to an item of Eligible Credit Support (VM) with respect to a party (as the Transferor) under this Annex is greater than the maximum permitted valuation percentage (prescribed or implied) for such item of collateral under any law requiring the collection of variation margin applicable to the other party, then the Valuation Percentage with respect to such item of Eligible Credit Support as the Transferee (VM) and such party will be such maximum permitted valuation percentage.

(B) **"FX Haircut Percentage"** means, with respect to each party (as the Transferor) and item of Eligible Credit Support (VM), 0%.

(vi) **Thresholds.**

(A) **"Minimum Transfer Amount"** means, with respect to each of Party A and Party B EUR 250,000; provided, however, that the Minimum Transfer Amount shall be zero for a party if an Event of Default or a Termination Event in respect of which all Transactions are Affected Transactions has occurred and is continuing with respect to such party.

(B) **Rounding.** The Delivery Amount (VM) and the Return Amount (VM) will be rounded up and down respectively to the nearest integral multiple of EUR 10,000.

Notwithstanding the provisions of Paragraphs 11(c)(vi)(A) and 11(c)(vi)(B), when the Transferee's Exposure on a Valuation Date is zero, then for the purposes of any Return Amount due to such Transferor, the Minimum Transfer Amount with respect to the Transferee shall be zero and Rounding shall not apply.

(vii) **Transfers. "Regular Settlement Day"** has the meaning specified in Paragraph 10.

(d) **Valuation and Timing.**

(i) **"Valuation Agent"** means, for purposes of Paragraphs 2 and 4, the party making the demand under Paragraph 2, and, for purposes of Paragraph 5(c), the Transferee, as applicable;
provided that, if an Event of Default, Potential Event of Default or Termination Event in respect of which all Transactions are Affected Transactions has occurred and is continuing with respect to a party, the other party will be the Valuation Agent.

(ii) **"Valuation Date"** has the meaning specified in Paragraph 10.

For purposes of determining the Valuation Date and clause (iii) of the definition of "Local

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Business Day" in Paragraph 10, "**Valuation Date Location**" means, with respect to each party, each city, region or country specified below:

Party A: Milan

Party B: Asti

(iii) "**Valuation Time**" has the meaning specified in Paragraph 10.

(iv) "**Notification Time**" means 12 noon, London time, on a Local Business Day.

(e) **Exchange Date.** "**Exchange Date**" has the meaning specified in Paragraph 3(c)(ii).

(f) **Dispute Resolution.**

(i) "**Resolution Time**" means 12 noon, London time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.

(ii) **Value.** For the purpose of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance (VM) or of any transfer of Eligible Credit Support (VM) or Equivalent Credit Support (VM), will be calculated as follows:

With respect to cash in any Eligible Currency, the face value thereof multiplied by the applicable Valuation Percentage.

(iii) **Alternative.** The provisions of Paragraph 4 will apply.

(g) **Distributions and Interest Amount (VM).**

(i) **Interest Rate (VM).** The "**Interest Rate (VM)**" in relation to each Eligible Currency specified below will be:

Eligible Currency	Interest Rate (VM)	Spread
EUR	EONIA. "EONIA" means for any day the reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on Reuters page EONIA on the first TARGET Settlement Day following that day. For the purposes of this Annex, TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.	None

(ii) **Transfer of Interest Payment (VM) or application of Interest Amount (VM).**

Interest Transfer: Applicable

Interest Payment Netting: Not Applicable

Interest Adjustment: Not Applicable

The definition of Interest Period shall be amended as follows: "**Interest Period**" means the period from (and including) the first day of each calendar month to (and including) the last day of such month. The transfer of each Interest Payment (VM) in respect of an Interest Period will be made in arrears on or before the third Local Business Day following the last day of such Interest Period.

(iii) **Other Interest Elections.**

Negative Interest: Applicable

Daily Interest Compounding: Not Applicable

(iv) **Alternative to Interest Amount (VM).** The provisions of Paragraph 5(c)(ii) will apply.

(h) **Credit Support Offsets.**

If specified here as applicable, then the "**Credit Support Offsets**" provisions in Paragraph 9(h) of this Annex will apply: Not Applicable.

(i) **Addresses for Transfers.**

Party A: As set forth in demands and notices from Party A to Party B from time to time.

Party B: As set forth in demands and notices from Party A to Party B from time to time.

(j) **Other CSA.** "Other CSA" has the meaning specified in Paragraph 10.

(k) **Other Provisions.**

(i) **Demands and Notices.** All demands, specifications and notices under this Annex will be made to a party as follows unless otherwise specified from time to time by that party for purposes of this Annex in a written notice given to the other party:

Party A:

Banca Monte dei Paschi di Siena S.p.A.
Servizio Liquidità Operativa
Settore Collaterale
Via Rosellini 16
20124 Milano
Tel 0039 02 6970 5700/5441
Fax 0039 02 6970 5527
Collateral.Management@mps.it

Party B:

Cassa di Risparmio di Asti S.p.A.
Piazza Libertà 23
14100 Asti – Italy
Margin Calls, Portfolio Reconciliation, Interest Statement
+39 0141 393234
derivatives@bancadiasti.it

Escalation
+39 0141 393376
derivatives@bancadiasti.it

(ii) **Pre-printed Form.** Except as otherwise provided in this Paragraph 11, it is the intention of the parties that the printed form of Paragraphs 1 to 10 of the 2016 ISDA Credit Support Annex for Variation Margin (VM) (Title Transfer – English Law) as published by the International Swaps and Derivatives Association, Inc. (“**ISDA VM CSA Published Form**”) shall apply to this Annex and in the event of any inconsistency between Paragraphs 1-10 of this Annex and the ISDA VM CSA Published Form, the ISDA VM CSA Published Form shall prevail.

(iii) **Governing Law.** This Annex will be governed by and construed in accordance with English Law.

(iv) **Effectiveness of this Annex.** This Annex will become effective on 2nd October 2018 Date.

(v) **Title transfer financial collateral arrangements and regulatory transparency obligations.** (1) Each Party hereby acknowledges and agrees that this Annex and any Transaction hereunder may constitute a “title transfer financial collateral arrangement” with the meaning and for the purposes of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (as implemented in Italy by the Legislative Decree 170/2004) and (2) any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, under the terms of this Annex constitutes a “title transfer financial collateral arrangement” under the Directive and a “trasferimento della proprietà di attività finanziarie con funzione di garanzia” with the meaning and for the purposes of Italian Legislative Decree 170/2004.

(2) For the purposes of complying with the transparency requirements set forth in article 15 of the “Regulation (EU) 2015/2365 of the European Parliament and the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) no 648/2012”, each party (“Sending Party”) hereby intends to inform the other (“Receiving Party”) of the general risk and consequences of concluding a “title transfer financial collateral arrangement” by providing the information and disclosure set out in the statement attached hereto as Exhibit I (the “Information Statement”). For the purposes of the foregoing the Information Statement is deemed to be delivered by the Sending Party to Receiving Party on the date of this Agreement.

The Receiving Party hereby expressly acknowledges to have read the information set forth in the Information Statement and understood the general risk and consequences of concluding a “title transfer financial collateral arrangement”, and it agrees to enter into this Annex on this basis.

IN WITNESS WHEREOF, the parties hereby enter into this 2016 Credit Support Annex for Variation Margin (VM) by their duly authorised officers affixing their signatures below.

BANCA MONTE DEI PASCHI DI SIENA S.P.A.

CASSA DI RISPARMIO DI ASTI S.P.A.

Name:

~~Carlo Corni~~
~~Authorized Signatory~~

Title:

[Signature]

Date:

2ND OCTOBER 2018

Name:

CARLO DEMARTINI

Title:

C.E.O.

Dates

2ND OCTOBER 2018

Name:

Name:

Title:

Title:

Date:

Date:

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