



**BANCA POPOLARE DELL'ALTO ADIGE S.P.A.**

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

**Euro 3,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme**

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

**VOBA CB S.R.L.**

*(incorporated as a limited liability company in the Republic of Italy and registered at the Companies' Registry of Treviso-Belluno under registration number 04994460261)*

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

*Under this Euro 3,000,000,000 covered bond programme (the "**Programme**"), Banca Popolare dell'Alto Adige S.p.A. ("**BPAA**" or the "**Issuer**") may from time to time issue European covered bonds (*obbligazioni bancarie garantite europee*) (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed Euro 3,000,000,000 (or its equivalent in other currencies calculated as described herein). VOBA CB S.r.l. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Covered Bond Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") made up of a portfolio of mortgage loans assigned to the Guarantor by the Seller and certain other assets held by the Guarantor, including funds generated by the portfolio and such assets pursuant to Title 1-bis of Italian law No. 130 of 30 April 1999, as amended from time to time (the "**Law 130**") and regulated by the supervisory guidelines of the Bank of Italy set out in Part III, Chapter 3 of the "Disposizioni di vigilanza per le banche" (Circolare No. 285 of 17 December 2013), as amended and supplemented from time to time (the "**BoI Regulations**"). Recourse against the Guarantor under the Covered Bond Guarantee is limited to the Cover Pool.*

*This Base Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), which is the competent authority in the Grand Duchy of Luxembourg for the purposes of the Regulation (UE) 2017/1129 (the "**Prospectus Regulation**"), as a base prospectus issued in compliance with the Prospectus Regulation for the purposes of giving information with regard to the issue of Covered Bonds under the Programme during the period 12 months after the date hereof. The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. In this context: (i) the approval of this Base Prospectus by the CSSF should not be considered as an endorsement of the Issuer and/or the Guarantor and/or the quality of the securities that are the subject of this Base Prospectus, (ii) the CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer and/or the Guarantor in line with the provisions of Article 6 (4) of the Luxembourg Law on Prospectuses for securities, and (iii) investors should make their own assessment as to the suitability of investing in the securities subject of this Base Prospectus.*

*The requirement to publish a prospectus under the Prospectus Regulation only applies to Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area (the “EEA”) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1.4 of the Prospectus Regulation.*

*Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market or on the segment limited to professional investors of the regulated market of the Luxembourg Stock Exchange (the “Professional Segment”), which is a regulated market for the purposes of Directive 2014/65/EU.*

***This Base Prospectus is valid for 12 months from its date of approval in relation to Covered Bonds which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.***

*The Programme also permits Covered Bonds to be issued on the basis that (i) they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.*

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

*The Covered Bonds will be issued in dematerialised form and will be held on behalf of their ultimate owners by Monte Titoli S.p.A. whose registered office is in Milan, at Piazza degli Affari, No.6, Italy, (“Monte Titoli”) for the account of the relevant Monte Titoli account holders. Monte Titoli will also act as depository for Euroclear Bank S.A./N.V., 1 boulevard du Roi Albert II, B-1210 Brussels (“Euroclear”) and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy, L-1855, Luxembourg (“Clearstream”). The Covered Bonds issued in dematerialised form will at all times be held in book entry form and title to the Covered Bonds will be evidenced by book-entries in accordance with the provisions of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented (the “Financial Law”) and implementing regulations and with the joint regulation of the Commissione Nazionale per le Società e la Borsa (“CONSOB”) and the Bank of Italy dated 13 August 2018 and published in the Official Gazette No. 201 of 30 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.*

*Each Series or Tranche may, on or after the relevant issue, be assigned a rating specified in the relevant Final Terms by any rating agency which may be appointed from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds. Where a Tranche or Series of Covered Bonds is to be rated, such rating will not necessarily be the same as the rating assigned to the Covered Bonds already issued. Whether or not the credit rating applied for in relation to any Tranche or Series of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies (as amended, the “EU CRA Regulation”) or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the United Kingdom (“UK”) and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as it forms part of domestic law of the United Kingdom by virtue*

of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”) or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. The credit ratings included or referred to in this Base Prospectus have been issued by the Rating Agency which is established in the European Union and registered under the EU CRA Regulation as set out in the list of credit rating agencies registered in accordance with the EU CRA Regulation published on the website of the European Securities and Markets Authority (“**ESMA**”) pursuant to the EU CRA Regulation (for more information please visit the ESMA webpage <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

***A credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be revised or withdrawn by any or all of the Rating Agencies and each rating shall be evaluated independently of any other. Please refer to the ESMA webpage <http://www.esma.europa.eu/page/List-registeredand-certified-CRAs> in order to consult the updated list of registered credit rating agencies.***

The Covered Bonds of each Series or Tranche will mature on the date mentioned in the applicable Final Terms (each a “**Maturity Date**”). Before the relevant Maturity Date, the Covered Bonds of each Series or Tranche will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in the Conditions (as defined below)). No Covered Bonds having a maturity at issue of less than 12 months will be offered to the public or admitted to trading on a regulated market under this Base Prospectus.

***Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Base Prospectus.***

Amounts payable on Floating Rate Covered Bonds will be calculated by reference to EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute (“**EMMI**” as administrator of EURIBOR) is included in ESMA’s register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of the Regulation (EU) No. 2016/1011 (the “**Benchmarks Regulation**”).

*Arrangers for the Programme*

**Unicredit**

**Banca Finanziaria Internazionale S.p.A.**

*Dealer for the Programme*

**Unicredit**

**Erste Group Bank AG**

The date of this Base Prospectus is 18 September 2023

This Base Prospectus is valid until 18 September 2024

## RESPONSIBILITY STATEMENTS

The Issuer accepts responsibility for the information contained in this Base Prospectus.

To the best of the knowledge and belief of the Issuer, (which has taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Guarantor accepts responsibility for the information included in this Base Prospectus in the sections headed “*The Guarantor*” and any other information contained in this Base Prospectus relating to itself. To the best of the knowledge and belief of the Guarantor, (which has taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

## NOTICE

This Base Prospectus is a base prospectus for the purposes of Article 8.1 of the Prospectus Regulation and for the purposes of giving information which, according to the particular nature of the Covered Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of Guarantor and of the rights attaching to the Covered Bonds.

This Base Prospectus should be read and understood in conjunction with any supplement thereto and with any document incorporated herein by reference (see section “*Information incorporated by reference*”). Full information on the Issuer and any Series of Covered Bonds is only available on the basis of the combination of the Base Prospectus and the relevant Final Terms.

**Capitalised terms used in this Base Prospectus shall have the meaning ascribed to them in the “*Terms and Conditions of the Covered Bonds*” below, unless otherwise defined in the single section of this Base Prospectus in which they are used. For the ease of reading this Base Prospectus, the “*Glossary*” below indicates the page of this Base Prospectus on which each capitalised term is first defined.**

The Issuer and, with respect to the information relating to itself only, the Guarantor, has confirmed to the Dealers (as defined herein) that this Base Prospectus contains all information with regard to the Issuer and the Covered Bonds which is material in the context of the Programme and the issue and offering of Covered Bonds thereunder; that the information contained herein is accurate in all material respects and is not misleading; that any opinions and intentions expressed by it herein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuer, the omission of which would make this Base Prospectus as a whole or any statement therein or opinions or intentions expressed therein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer or the Guarantor to give any information which is not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantor or such other information as in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer, the Dealers or any party to the Programme Documents (as defined in the Conditions).

This Base Prospectus is valid for twelve months following its date of approval and it and any supplement hereto as well as any Final Terms filed within these twelve months reflects the status as of

their respective dates of issue. The offering, sale or delivery of any Covered Bonds may not be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial condition of the Issuer or the Guarantor since such date or that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer has undertaken with the Dealers to supplement this Base Prospectus or publish a new Base Prospectus if and when the information herein should become materially inaccurate or incomplete and has further agreed with the Dealers to furnish a supplement to the Base Prospectus in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Covered Bonds and which arises or is noted between the time when this Base Prospectus has been approved and the final closing of any Series or Tranche of Covered Bonds offered to the public or, as the case may be, when trading of any Series or Tranche of Covered Bonds on a regulated market begins, whichever occurs later, in respect of Covered Bonds issued on the basis of this Base Prospectus. In any case, the obligation to supplement this Base Prospectus in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus does not apply when this Base Prospectus is no longer valid.

Neither the Arrangers nor the Dealers nor any person mentioned in this Base Prospectus, with exception of the Issuer and the Guarantor, is responsible for the information contained in this Base Prospectus, any document incorporated herein by reference, or any supplement thereof, or any Final Terms or any document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

The information contained in this Base Prospectus was obtained from the Issuer and the other sources identified herein, and the Arrangers and the Dealers have not verified such information. None of the Dealers or the Arrangers, or any of their respective affiliates or advisers, makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. None of the Dealers or the Arrangers shall be responsible for any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Covered Bonds or any Programme Documents, or any other agreement or document relating to the Covered Bonds or any Programme Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Base Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Covered Bonds.

Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer, the

Guarantor or the BPAA Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers or the Arrangers.

The distribution of this Base Prospectus, any document incorporated herein by reference and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms come are required by the Issuer and the Dealer to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of the Base Prospectus or any Final Terms and other offering material relating to the Covered Bonds, see section “*Subscription and Sale*” of this Base Prospectus. In particular, the Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons. Covered Bonds may not be offered, sold or delivered within the United States or to U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Neither this Base Prospectus, any supplement thereto, nor any Final Terms (or any part thereof) constitutes an offer, nor may they be used for the purpose of an offer to sell any of the Covered Bonds, or a solicitation of an offer to buy any of the Covered Bonds, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The language of the Base Prospectus is English. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

This Base Prospectus may only be used for the purpose for which it has been published.

This Base Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

In this Base Prospectus, references to “€” or “euro” or “**Euro**” are to the single currency introduced at the start of the Third Stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to “U.S.\$” or “**U.S. Dollar**” are to the currency of the United States of America; references to “£” or “**UK Sterling**” are to the currency of the United Kingdom; reference to “**Japanese Yen**” is to the currency of Japan; reference to “**Swiss Franc**” or “**CHF**” are to the currency of the Swiss Confederation; references to “**Italy**” are to the Republic of Italy; references to laws and regulations are, unless otherwise specified, to the laws and regulations of Italy; and references to “**billions**” are to thousands of millions.

Certain monetary amounts and currency conversions included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

Each initial and subsequent purchaser of a Covered Bond will be deemed, by its acceptance of the purchase of such Covered Bond, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in

this Base Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

The Arrangers are acting for the Issuer and no one else in connection with the Programme and will not be responsible to any person other than the Issuer for providing the protection afforded to clients of the Arrangers or for providing advice in relation to the issue of the Covered Bonds.

In connection with the issue of any Series under the Programme, the Dealers which are specified in the relevant Final Terms as the stabilising manager (the “**Stabilising Manager**”) or any person acting for the Stabilising Manager may over-allot any such Series or effect transactions with a view to supporting the market price such Series at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this and there is no assurance that the 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 Covered Bonds 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 Series and 60 days after the date of the allotment of any such Series. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

**PRIIPs / IMPORTANT – EEA RETAIL INVESTORS** - Unless the Final Terms in respect of any Cover Bonds specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU, 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 the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

**IMPORTANT – UK RETAIL INVESTORS** – Unless the Final Terms in respect of any Covered Bond specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, the Covered Bonds



are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MiFIR product governance / target market** – The Final Terms in respect of any Covered Bonds will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

## **MARKET INFORMATION AND STATISTICS**

Unless otherwise indicated, information and statistics presented in this Base Prospectus regarding the market share of the Issuer are either derived from, or are based upon, the Issuer's analysis of data obtained from public sources. Although these sources are believed by the Issuer to be reliable, the Issuer has not independently verified such information.

## **ALTERNATIVE PERFORMANCE MEASURES**

This Base Prospectus contains certain financial measures (including the Issuer's profitability ratios and risk ratios, as well as certain other financial highlights and alternative performance indicators contained in information incorporated by reference in this Prospectus) that the Issuer considers as constituting alternative performance measures (“**APMs**”), as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415).

The following should be noted to ensure a proper interpretation of these APMs:

<b>APM</b>	<b>Definition/reconciliation</b>
Cost to income ratio	Ratio between (i) operating expenses and (ii) net operating income (calculated by reference to the

	reclassified statement)
ROA (net profit / total assets)	Ratio between (i) net income and (ii) average total assets
Net non-performing loans / net loans to customers	Ratio between (i) net non-performing loans and (ii) net loans to customers (taken from schedules to financial statements)
Degree of non-performing loan hedging	Ratio between (i) specific adjustments on non-performing loans and (ii) gross amount of non-performing loans to customers
Texas ratio	Net non-performing loans / Tangible equity

The Issuer believes that the above APMs provide useful information to investors regarding the financial position and performance, allowing for comparison with similar measures published by other banks as well as average industry standards and better illustrating specific aspects and trends of the Issuer's business activity.

The Issuer's audited non-consolidated annual financial statements as of 31 December 2021 and 31 December 2022, including the auditors' report thereon, notes thereto and the relevant accounting principles, have been subject to audit by KPMG S.p.A. ("**KPMG**") in its capacity as independent auditor of the Issuer, as indicated in its report thereon. The APMs should be read together with the financial information included in the audited non-consolidated annual financial statements incorporated herein by reference.

The Issuer's non-consolidated half-year financial statements as of 30 June 2023, including the report on the review on the interim non-consolidated financial statements thereon, notes thereto and the relevant accounting principles, have been reviewed by KPMG in its capacity as independent auditor of the Issuer, as indicated in its report thereon. The APMs should be read together with the financial information included in the reviewed non-consolidated half-year financial statements incorporated herein by reference.

The financial statements incorporated by reference herein are English translations of the Italian financial statements prepared for and used in Italy and have been translated for the convenience of international readers. The Issuer takes responsibility for the translation of the financial statements relating to it and incorporated by reference herein.

KPMG has given, and has not withdrawn, its consent to the inclusion of its reports on the accounts of the Issuer in this Base Prospectus in the form and context in which they are included.

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## GENERAL DESCRIPTION OF THE PROGRAMME

*The following section contains a general description of the Programme for the purposes of the Article 25 of the Commission Delegated Regulation (EU) 2019/980 and, as such, does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any Series or Tranche, the applicable Final Terms. Prospective purchasers of Covered Bonds should carefully read the information set out elsewhere in this Base Prospectus prior to making an investment decision in respect of the Covered Bonds. In this section, references to a numbered condition are to such condition in "Terms and Conditions of the Covered Bonds" below.*

### PARTIES

#### Issuer

Banca Popolare dell'Alto Adige S.p.A., a bank incorporated in Italy as a joint stock company (*società per azioni*) whose registered office is in Bolzano, at Via del Macello, No. 55, Italy, registered with the Companies' Register of Bolzano under number 00129730214, fiscal code and VAT number 00129730214, Economic Administrative Index number BZ-9018 and registered with the Bank of Italy pursuant to article 13 of Legislative Decree No. 385 of 1 September, 1993 (the “**Banking Law**”) under number 3630.1 and which is the parent company of the “*Gruppo Bancario Banca Popolare dell'Alto Adige*” (the “**Issuer**” or “**BPAA**”).

#### Joint Arrangers

Unicredit Bank AG, a bank incorporated as a public company limited by shares (*aktiengesellschaft*) organised under the laws of the Federal Republic of Germany, registered with commercial register administered by the Local Court of Munich at number HR B 421 48, belonging to the “*Gruppo Bancario UniCredit*” and having its head office at Arabellastr. 12, 81925 Munich, Federal Republic of Germany (“**Unicredit**”); and

Banca Finanziaria Internazionale S.p.A., a bank incorporated under the laws of Italy as a “*società per azioni*”, having its registered office in Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, share capital of Euro 91,743,007.00 fully paid up, tax code and enrolment in the Companies' Register of Treviso-Belluno number 04040580963, VAT Group “*Gruppo IVA FININT S.P.A.*” – VAT number 04977190265, registered in the Register of the Banks under number 5580 pursuant to article 13 of the Consolidated Banking Act and in the Register of the Banking groups as Parent Company of the Banca Finanziaria Internazionale Banking Group, member of the “*Fondo Interbancario di Tutela dei Depositi*” and of the “*Fondo Nazionale di Garanzia*. (“**Banca Finint**” and, jointly with Unicredit, the “**Joint Arrangers**”).

#### Dealers

Unicredit and Erste Group Bank AG, a joint-stock corporation registered in the Austrian companies register at the Vienna commercial court with registration number FN 33209 m, with

registered office at Am Belvedere 1, A-1100 Vienna, Austria (“**Erste Group**”) and any other dealer appointed from time to time in accordance with the Programme Agreement.

**Guarantor**

VOBA CB S.r.l., a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy pursuant to Law 130, with a duration until 31 December 2100, whose registered office is in Conegliano, at Via Vittorio Alfieri, No. 1, Italy, registered with the Companies' Register of Treviso and Belluno under No. 04994460261 (the “**Guarantor**”).

**Quotaholders**

- (1) BPAA, owning a participation equal to 60% of the Guarantor’s quota capital; and
- (2) STICHTING URANO, a company incorporated under the laws of the Netherlands whose registered office is in Amsterdam, at Locatellikade No. 1, owning a participation equal to 40% of the Guarantor’s quota capital.

**Seller**

BPAA will act as seller pursuant to the Master Transfer Agreement (the “**Seller**”).

**Subordinated Loan Provider**

BPAA will act as subordinated loan provider pursuant to the Subordinated Loan Agreement (the “**Subordinated Loan Provider**”).

**Servicer**

BPAA will act as servicer pursuant to the Servicing Agreement (the “**Servicer**”).

**Corporate Servicer**

Banca Finint will act as corporate servicer pursuant to the Corporate Services Agreement (the “**Corporate Servicer**”).

**Asset Monitor**

BDO Italia S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at Viale Abruzzi 94, 20131, Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 07722780967, included in the Register of Certified Auditors held by the Ministry for Economy and Finance – Stage general accounting office, at no. 167911, will act as asset monitor pursuant to the Asset Monitor Agreement (the “**Asset Monitor**”).

**Account Bank**

BNP Paribas, a company incorporated under the laws of the Republic of France, licensed to conduct banking operations, having its registered office at Boulevard des Italiens n. 16, Paris, France, registered with the Chamber of Commerce of Paris under number 662 042 449, with a fully paid-up share capital of Euro 2,468,663,292, which acts for the purposes hereof through its Italian branch, whose offices are located at Piazza Lina Bo Bardi, 3 20124, Milan, Italy, enrolled in the register of the banks held by the Bank of Italy under no. 5482, Fiscal code and VAT code no. 04449690157, REA n. 731270; as successor of “BNP Paribas Securities Services”, further to the merger by way of

	<p>incorporation (fusione per incorporazione) of BNP Paribas Securities Services into BNP Paribas, which took place on 1 October 2022 (“<b>BNP Paribas, Italian Branch</b>”) will act as account bank pursuant to the Cash Management and Agency Agreement (the “<b>Account Bank</b>”), for the purpose of maintaining and operating, <i>inter alia</i>, the Expense Account, the Collection Account, the Reserve Account, the Securities Account (if any), the Guarantor Payments Account, the Liquidity Buffer Account (if any) and the Liquidity Buffer Securities Account (if any).</p>
<b>Guarantor Calculation Agent</b>	<p>Banca Finint will act as guarantor calculation agent pursuant to the Cash Management and Agency Agreement (the “<b>Guarantor Calculation Agent</b>”). The Guarantor Calculation Agent will perform certain calculations and conduct certain tests pursuant to the Cash Management and Agency Agreement and the Cover Pool Administration Agreement.</p>
<b>Test Calculation Agent</b>	<p>BPAA (or any other entity being appointed as such in the future) will act as test calculation agent pursuant to the terms of the Cash Management and Agency Agreement (the “<b>Test Calculation Agent</b>”).</p>
<b>Cash Manager</b>	<p>BPAA will act as cash manager under the Cash Management and Agency Agreement (the “<b>Cash Manager</b>”).</p>
<b>Covered Bond Swap Counterparty</b>	<p>Any institution which agrees to act as covered bond swap counterparty (each, a “<b>Covered Bond Swap Counterparty</b>”) to the Guarantor under any swap agreement or other hedging agreements, if any, aimed at hedging certain interest rate risks and/or, if applicable, currency exposures in relation to the Guarantor’s obligations under the Covered Bonds, that may be entered into between the Guarantor and the relevant Covered Bond Swap Counterparty (the “<b>Swap Agreements</b>”).</p>
<b>Issuer Paying Agent</b>	<p>BPAA will act as Issuer Paying Agent under the Programme pursuant to the provisions of the Cash Management and Agency Agreement (the “<b>Issuer Paying Agent</b>”).</p>
<b>Guarantor Paying Agent</b>	<p>BNP Paribas, Italian Branch will act as Guarantor Paying Agent following the delivery of a Notice to Pay pursuant to the provisions of the of the Cash Management and Agency Agreement (the “<b>Guarantor Paying Agent</b>” and together with the Issuer Paying Agent, the “<b>Paying Agents</b>”).</p>
<b>Luxembourg Listing Agent</b>	<p>BNP Paribas, Luxembourg Branch, will act as Luxembourg listing agent under the Programme (the “<b>Luxembourg Listing Agent</b>”).</p>
<b>Representative of the Covered Bondholders</b>	<p>Banca Finint will act as representative of the covered bondholders pursuant to the Programme Agreement and the Rules of the Organisation of Covered Bondholders (the</p>

	<b>“Representative of the Covered Bondholders”</b> ).
<b>Back-Up Servicer Facilitator</b>	Banca Finint will act as back-up servicer facilitator pursuant to the Servicing Agreement (the <b>“Back-Up Servicer Facilitator”</b> ).
<b>Stichting Corporate Services Provider</b>	Wilmington Trust Sp Services (London) Limited, a private limited liability company incorporated under the laws of England, having its registered office at Third Floor, 1 King’s Arms Yard, London EC2R 7AF, England, will act as Stichting Corporate Services Provider pursuant to the Stichting Corporate Services Provider Agreement.
<b>Ownership or control relationships between the principal parties</b>	<p>As of the date of the Base Prospectus, no direct or indirect ownership or control relationships exist between the principal parties described above in this Section, other than the relationship existing between BPAA (as Issuer, Seller, Servicer and its other roles as indicated above) and the Guarantor, both of which belong to the BPAA Group.</p> <p>The entities belonging to the BPAA Group are subject to the direction and coordination (<i>direzione e coordinamento</i>) of BPAA.</p> <p><b>“BPAA Group”</b> means jointly the banks and the other companies belonging from time to time to the Banca Popolare dell’Alto Adige S.p.A. banking group registered with the Bank of Italy pursuant to Article 64 of the Banking Law.</p>
<b>Rating Agency</b>	Fitch Ratings Ireland Limited Sede Secondaria Italiana ( <b>“Fitch”</b> ), and/or any other rating agency which may be appointed from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme (the <b>“Rating Agencies”</b> ).

## THE PROGRAMME

<b>Description</b>	A covered bond programme under which Covered Bonds will be issued by the Issuer to Covered Bondholders and guaranteed by the Guarantor.
<b>Programme Amount</b>	Up to € 3,000,000,000.00 (and for this purpose, any Covered Bonds ( <i>Obbligazioni Bancarie Garantite</i> ) denominated in another currency shall be translated into Euro at the date of the agreement to issue such Covered Bonds, and the Euro exchange rate used shall be included in the Final Terms) in aggregate principal amount of Covered Bonds outstanding at any time (the <b>“Programme Limit”</b> ). The Programme Limit may be increased in accordance with the terms of the Programme Agreement.

## THE COVERED BONDS

<b>Form of Covered Bonds</b>	The Covered Bonds will be issued and will be held in
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dematerialised form.

The Covered Bonds issued in dematerialised form will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli account holders. Each Series or Tranche will be deposited with Monte Titoli on the relevant Issue Date in accordance with Article 83-*bis* of the Financial Law, through the authorised institutions listed in Article 83-*quater* of the Financial Law. Monte Titoli shall act as depositary for Clearstream and Euroclear. The Covered Bonds issued in dematerialised form will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with (i) the provisions of Article 83-*bis* et seq. of the Financial Law and the relevant implementing regulations and (ii) the regulation issued by the bank of Italy and the *Commissione Nazionale per le Società e per la Borsa* (“**CONSOB**”) on 13 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

The *Commission de Surveillance du Secteur Financier* (“**CSSF**”) has neither reviewed nor approved the information contained in this Prospectus in relation to any issuance of the Covered Bonds that are not to be publicly offered and not to be admitted to trading on the regulated market of any Stock Exchange in any EU Member State and for which a prospectus is not required in accordance with the Prospectus Regulation.

#### **Denomination of Covered Bonds**

In accordance with the Conditions, the Covered Bonds will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal or regulatory or central bank requirements (see Condition 3 (*Form, Denomination and Title*)).

The minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).

#### **Ranking of the Covered Bonds**

The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, guaranteed by the Guarantor and will rank *pari passu* without any preference among themselves, except in respect of maturities of each Series or Tranche, and (save for any applicable statutory provisions) at least equally with all other present and future



unsecured, unsubordinated obligations of the Issuer from time to time outstanding.

## **Ratings**

Each Series or Tranche issued under the Programme may or may not be assigned a rating by the Rating Agency as specified in the relevant Final Terms on the Issue Date.

Whether or not the credit rating applied for in relation to relevant Series of Covered Bonds will be (1) issued or endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. The credit ratings included or referred to this Base Prospectus have been issued by the Rating Agencies (as defined above), which are established in the European Union and registered under the EU CRA Regulation as set out in the list of credit rating agencies registered in accordance with the EU CRA Regulation published on the website of ESMA pursuant to the EU CRA Regulation.

A credit rating, if provided, is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agencies.

## **Specified Currency**

Subject to any applicable legal or regulatory or central bank restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be and the Representative of the Covered Bondholders (as set out in the applicable Final Terms).

## **Maturity Date**

The maturity date for each Series or Tranche (the “**Maturity Date**”) will be specified in the relevant Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the currency of the Covered Bonds. Unless previously redeemed as provided in Condition 7(d) (*Redemption at the option of the Issuer*) or Condition 7(f) (*Redemption at the option of Covered Bondholders*), and subject to any provision regarding the extension of maturity which may be included in the Final Terms, the Covered Bonds of each Series or Tranche will be redeemed at their Principal Amount Outstanding on the relevant Maturity Date.

## **Redemption of the Covered Bonds**

The applicable Final Terms relating to each Series or Tranche of Covered Bonds will indicate either (a) that the Covered Bonds

cannot be redeemed prior to their stated maturity (other than in specified cases, e.g. redemption by instalments if applicable, taxation reasons, or if it becomes unlawful for any Covered Bonds to remain outstanding, or following a Guarantor Event of Default), or (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Representative of Covered Bondholders on behalf of the holders of the Covered Bonds (the “**Covered Bondholders**”) and in accordance with the provisions of the Conditions and of the relevant Final Terms, on a date or dates specified prior to such maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Dealers (as set out in the applicable Final Terms) or (c) that such Covered Bonds will be redeemable at the option of the Covered Bondholders, as provided in Condition 7(f) (*Redemption at the Option of Covered Bondholders*).

Covered Bonds may be redeemable as specified in the relevant Final Terms and, in any case, the redemption amount shall be at least equal to par value. Covered Bonds may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

#### **Early Redemption of the Covered Bonds**

In certain circumstances indicated under the Conditions (including an early redemption (i) for tax reasons or illegality, or (ii) following a delivery by the Representative of the Covered Bondholders of an Acceleration Notice upon the Covered Bond Guarantor), the Covered Bonds may be early redeemed at their Early Redemption Amount.

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

#### **Tax Gross Up and Redemption for taxation reasons**

Payments in respect of the Covered Bonds to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by Italy, subject to the provisions of Condition 7(c) (*Redemption for tax reasons*).

In the event that any such withholding or deduction is to be made, the Issuer will be required to pay additional amounts to cover the amounts so deducted. In such circumstances and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Covered Bonds will be redeemable (in whole, but not in part) at the option of the Issuer. See Condition 7(c) (*Redemption for tax reasons*).

The Guarantor will not be liable to pay any additional amount due to taxation reasons following an Issuer Event of Default (as defined below).

### **Redemption by instalments**

If the Covered Bonds are specified in the relevant Final Terms as being amortising and redeemable in instalments they will be redeemed in such number of instalments, in such amounts (“**Instalment Amounts**”) and on such dates as may be specified in or determined in accordance with the relevant Final Terms and upon each partial redemption as provided by the Condition 7(e) (*Partial redemption and instalment redemption*), the outstanding principal amount of each such Covered Bonds shall be reduced by the relevant Instalment Amount for all purposes.

### **Extended Maturity Date**

The applicable Final Terms relating to each Series or Tranche of Covered Bonds may also provide that the Guarantor's obligations under the Covered Bond Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series or Tranche of Covered Bonds on their Maturity Date may be deferred pursuant to the Conditions (the “**Extended Maturity Date**”). Such deferral will automatically occur, if so stated in the relevant Final Terms, if:

- (a) an Issuer Event of Default has occurred; and
- (b) the Guarantor has insufficient moneys available (in accordance with the Post-Issuer Event of Default Priority of Payments) to pay in full any amount representing the Guaranteed Amounts corresponding to the amount due (subject to the applicable grace period) in respect of the relevant Series or Tranche of Covered Bond as set out in the relevant Final Terms (the “**Final Redemption Amount**”) on the Extension Determination Date.

In these circumstances, to the extent that the Guarantor has received a Notice to Pay and has sufficient Available Funds to pay in part the Final Redemption Amount in respect of the relevant Series or Tranche of Covered Bonds, the Guarantor shall make on each CB Payment Date according to the relevant Final Terms partial payment of the relevant Final Redemption Amount, in accordance with the Post-Issuer Event of Default Priority of Payments, without any preference among the Covered Bonds outstanding, except in respect of maturities of each Series or Tranche.

Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Guarantor on any CB Payment Date thereafter according to the relevant Final Terms, up to (and including) the relevant Extended Maturity Date.

Interest will continue to accrue and be payable on any unpaid

amount up to the Extended Maturity Date in accordance with Condition 7(b) (*Extension of maturity*).

In the event of extension of maturity pursuant to Condition 9(b) the extension of the Maturity Date shall not affect the ranking or the sequencing of the Covered Bonds in case of *liquidazione coatta amministrativa* or resolution (*risoluzione*) of the Issuer.

Notwithstanding the above, if the Maturity Date is extended as a consequence of the occurrence of an Article 74 Event (as defined below), upon termination of the Suspension Period and service of the Article 74 Event Cure Notice (as both defined below), the Issuer shall resume responsibility for meeting the payment obligations under any Series or Tranche of Covered Bonds in respect of which an Extension of Maturity has occurred.

#### **Extended Instalment Date**

The applicable Final Terms relating to each Series or Tranche of Covered Bonds may also provide that the Guarantor's obligations under the Covered Bond Guarantee to pay Guaranteed Amounts corresponding to an Instalment Amount of the applicable Series or Tranche of Covered Bonds on the relevant Covered Bond Instalment Date may be deferred pursuant to the Conditions (the “**Extended Instalment Date**”). Such deferral will automatically occur, if so stated in the relevant Final Terms, if:

- (a) an Issuer Event of Default has occurred; and
- (b) the Guarantor has insufficient moneys available (in accordance with the Post-Issuer Event of Default Priority of Payments) to pay the Guaranteed Amounts corresponding to the Instalment Amount in full in respect of the relevant Series or Tranche of Covered Bond as set out in the relevant Final Terms on the Instalment Extension Determination Date.

Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Instalment Date, **provided that**, any amount representing the Instalment Amounts due and remaining unpaid after the Instalment Extension Determination Date (as defined below) may be paid by the Guarantor on any CB Payment Date thereafter according to the relevant Final Terms, up to (and including) the relevant Extended Instalment Date. Interest will continue to accrue and be payable on any unpaid amount up to the Extended Instalment Date in accordance with Condition 7(j) (*Extension of principal instalment*).

#### **Tests**

The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 7-*undecies* of the Law 130, which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond

Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Test Calculation Date:

- the Nominal Value Test;
- the Net Present Value Test;
- the Interest Coverage Test;
- (“**Statutory Tests**”); and
- the Asset Coverage Test.

(the “**Statutory Tests**” and, together the Asset Coverage Test collectively, the “**Tests**”).

### **Amortisation Test**

Further to the Statutory Tests and the Asset Coverage Test, the Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Notice to Pay on the Issuer and the Guarantor (but prior to service on the Guarantor of a Acceleration Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Administration Agreement, the Guarantor must ensure that, on each Test Calculation Date following service of a Notice to Pay on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Acceleration Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Test Calculation Date.

For further details on the above, see "*Credit Structure*" below.

### **Liquidity Buffer Target Amount**

Pursuant to the Cover Pool Administration Agreement and in accordance with, and pursuant to, article 7-*duodecies* of Law 130 and the BoI Regulations, for so long as the Covered Bonds remain outstanding, the Issuer shall procure on a continuing basis and on each Test Calculation Date, that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum cumulative Net Liquidity Outflow of the Programme over the next 180 days. In accordance with article 7-*undecies*, paragraph 2, letter c), of Law 130, the Liquid Assets standing to the credit of the Accounts shall be considered to contribute to the Cover Pool, provided that such liquid assets satisfy the requirements to qualify as eligible assets set forth in article 7-*novies*, paragraph 1, letter a), of Law 130.

Pursuant to the Cover Pool Administration Agreement, the Test Calculation Agent shall verify that the Liquidity Buffer Target

Amount is met on each Test Calculation Date (or Monthly Test Calculation Date, as the case may be).

If, on any Test Calculation Date (or Monthly Calculation Date, as the case may be) the Liquidity Buffer Target Amount is not reached, upon notice of the Test Calculation Agent delivered in accordance with the Cover Pool Administration Agreement, the Issuer may: (i) sell Liquid Assets to the Guarantor in accordance with the Master Transfer Agreement and, to this extent, shall grant the funds necessary for payment of the purchase price of the assets to the Guarantor in accordance with the Subordinated Loan Agreement; and/or (ii) repurchase assets by exercising the call option provided for under the Master Transfer Agreement in accordance with, and subject to the terms, set out therein, and/or (iii) grant to the Guarantor funds under the Subordinated Loan Agreement, in an aggregate amount sufficient to ensure that the Liquidity Buffer Target Amount is reached as soon as practicable.

If the breach of the Liquidity Buffer Target Amount is not remedied, the Issuer shall not issue further series of Covered Bonds compliant with Law 130 and the EU Directive on Covered Bonds.

## **Exposure Limit**

Pursuant to the Cover Pool Administration Agreement, the Test Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Programme Documents – that the Exposure Limit has been correctly calculated on each Test Calculation Date (or Monthly Calculation Date, as the case may be) and on any other date on which the verification of the Exposure Limit is required pursuant to the Programme Documents.

If, on any date until the occurrence of an Issuer Event of Default and if the Statutory Test are not breach, the Exposure Limit is not correctly calculated, the Test Calculation Agent shall give notice to the Issuer, the Seller, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor of such miscalculation (sending a new Test Performance Report with such amount correctly calculated). In addition, the Issuer may (i) in its capacity as Seller, sell sufficient Eligible Assets, Integration Assets or Liquid Assets to the Guarantor in accordance with the Master Transfer Agreement; and/or (ii) in its capacity as Subordinated Loan Provider, request to the Guarantor to reimburse the Subordinated Loan in accordance with the Subordinated Loan Agreement; and/or (iii) in its capacity as Cash Manager invest part of the Liquid Assets and/or Integration Assest in excess of the Exposure Limit in form of securities eligible under Article 129, paragraph 1, letters (a) and (b) of the CRR, in an aggregate amount sufficient to ensure that the Exposure Limit is complied with as soon as practicable and in any event within one month following the delivery of the notice of the Test Calculation Agent.

**Minimum OC Requirement**

Pursuant to the Cover Pool Administration Agreement, (i) prior to occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor, the Test Calculation Agent will verify the Minimum OC Requirement as part of the Nominal Value Test on each Test Calculation Date (or Monthly Calculation Date, as the case may be) and (ii) following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor (but prior to the service on the Guarantor of an Acceleration Notice), the Test Calculation Agent shall verify (in addition to the Amortisation Test being met) that the Minimum OC Requirement is met on each Test Calculation Date (or Monthly Calculation Date, as the case may be).

If the Minimum OC Requirement is not reached in accordance with the provisions of the Cover Pool Administration Agreement, then the Guarantor, acting upon instructions of the Representative of the Covered Bondholders (who shall act upon instructions of the Covered Bondholders in accordance with the Rules of the Organisation of the Covered Bondholders), shall (i) give instructions to the Cash Manager to invest all or part of the amounts standing to the Reserve Account in Eligible Assets, Integration Assets and/or Liquid Assets in form of securities eligible under Article 129 paragraph 1, (a) and (b), of the CRR and/or; (ii) instruct the Portfolio Manager to sell a sufficient amount of non eligible assets necessary to reach the Minimum OC Requirement.

**Role of the Asset Monitor**

The Asset Monitor will perform specific agreed upon procedures set out in an engagement letter entered into with the Issuer (the “**Engagement Letter**”). Pursuant to the Asset Monitor Agreement, the Asset Monitor will also perform specific monitoring activities concerning the compliance of the Programme with Title I-*bis* of Law 130 and the BoI Regulations including, *inter alia*, the calculation performed by the Test Calculation Agent in respect of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Minimum OC Requirement with a view to confirm whether such calculations are accurate.

**Issue Price**

Covered Bonds may be issued at an issue price which is at par or at a discount to, or at a premium over, par, as specified in the relevant Final Terms (in each case, the “**Issue Price**” for such Series or Tranche).

**Interest on the Covered Bonds**

Except for the Zero Coupon Covered Bonds and unless otherwise specified in the Conditions and the relevant Final Terms, the Covered Bonds will be interest-bearing and interest will be calculated on the principal amount outstanding of the relevant

Covered Bonds (the “**Principal Amount Outstanding**”). Interest will be calculated on the basis of such Day Count Fraction in accordance with the Conditions and in the relevant Final Terms. Interest may accrue on the Covered Bonds at a fixed rate or a floating rate or on such other basis and at such rate as may be so specified in the relevant Final Terms and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series or Tranche.

## **Types of Covered Bonds**

In accordance with the Conditions, the Covered Bonds may be Amortising Covered Bonds, Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. The Covered Bonds may be Covered Bonds scheduled to be redeemed in full on the Maturity Date and Covered Bonds repayable in one or more instalments or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms. Each Series or tranche shall be comprised of Fixed Rate Covered Bonds only or Floating Rate Covered Bonds only or Amortising Covered Bonds only or Zero Coupon Covered Bonds only or such other Covered Bonds accruing interest on such other basis and at such other rate as may be so specified in the relevant Final Terms only.

*Amortising Covered Bonds:* Covered Bonds with a predefined amortisation schedule where, in addition to interest, the Issuer will pay, on each relevant CB Payment Date, a portion of principal up to the relevant Maturity Date (as set out in the applicable Final Terms) in instalments.

*Fixed Rate Covered Bonds:* fixed interest on the Covered Bonds will be payable in accordance with the relevant Final Terms, on such date as may be agreed between the Issuer and the Dealer and on redemption and will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms.

*Floating Rate Covered Bonds:* Floating Rate Covered Bonds will bear interest at a rate determined in accordance with the Conditions and the relevant Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the Dealers for each Series or Tranche of Floating Rate Covered Bonds.

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

Interest on Floating Rate Covered Bonds in respect of each CB



Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s) (and indicated in the relevant Final Terms), will be payable on such Guarantor Payment Dates.

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

#### **Cross Acceleration**

After the delivery of an Acceleration Notice with respect to a Series or Tranche, all Series or Tranche of Covered Bonds then outstanding will cross accelerate at the same time against the Guarantor, provided that the Covered Bonds do not otherwise contain a cross default provision and will thus not cross accelerate against the Guarantor in case of an Issuer Event of Default.

#### **Listing and admission to trading**

Application has been made for the approval of the Base Prospectus by the CSSF as a base prospectus issued in compliance with the Prospectus Regulation. Application will be made for Covered Bonds issued under the Programme to be admitted to trading on the regulated market or on 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.

Covered Bonds may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the Dealers in relation to the Series or Tranche. Covered Bonds which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets. The CSSF has neither reviewed nor approved the information contained in this Base Prospectus in relation to any issuance of the Covered Bonds that are not to be publicly offered and not to be admitted to trading on the regulated market of any Stock Exchange in any EU Member State and for which a prospectus is not required in accordance with the Prospectus Regulation.

#### **Governing law**

The Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law or by any other law as set out in the relevant Final Terms. The Programme Documents and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law, except for the Swap Agreements, if any, which will be governed by English law.

#### **THE GUARANTOR AND THE COVERED BOND GUARANTEE**

## **The Covered Bond Guarantee**

Under the terms of the Covered Bond Guarantee the Guarantor will be obliged to pay Guaranteed Amounts in respect of the Covered Bonds on the relevant Due for Payment Date in accordance with the relevant Priority of Payments (as defined therein).

To ensure timely payment by the Guarantor, a Notice to Pay (as defined below) will be served on the Guarantor as a consequence of an Issuer Event of Default (as defined below).

The obligations of the Guarantor to make payments in respect of the Guaranteed Amounts when due for payment are subject to the conditions that an Issuer Event of Default has occurred and a Notice to Pay has been served by the Representative of the Covered Bondholders on the Issuer and on the Guarantor or, if earlier, a Guarantor Event of Default has occurred and an Acceleration Notice has been served on the Guarantor. The obligations of the Guarantor will accelerate with respect to all Guaranteed Amounts once an Acceleration Notice has been delivered to the Guarantor.

The obligations of the Guarantor under the Covered Bond Guarantee shall constitute a first demand, unconditional and independent guarantee (*garanzia autonoma*) and certain provisions of the Italian civil code relating to non-autonomous personal guarantees (*fidejussioni*), specified in the MEF Decree, shall not apply to the Covered Bond Guarantee. Accordingly, the obligations under the Covered Bond Guarantee shall be direct, unconditional, unsubordinated obligations of the Guarantor, with limited recourse to the Available Funds (as defined below), irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the Issuer.

## **Suspension of Payments**

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer (the "**Article 74 Event**"), the Guarantor, in accordance with Law 130, shall be responsible for the payments of the Guaranteed Amounts due and payable within the entire period in which the suspension continues (the "**Suspension Period**").

Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with the Law 130, the Guarantor shall be responsible for payment of the amounts due and payable under the Covered Bonds during the Suspension Period at their relevant due dates,

*provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders of a notice to the Issuer, the Guarantor and the Asset Monitor (the "**Article 74 Event Cure Notice**"), informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

#### **Issuer Events of Default**

The following events with respect to the Issuer shall constitute "**Issuer Events of Default**":

- (i) failure by the Issuer to pay any amount of interest and/or principal due and payable on the Covered Bonds of any Series or Tranche at their relevant Guarantor Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) breach by the Issuer of any material obligations under or in respect of the Covered Bonds (of any Series or Tranche outstanding) or any of the Programme Documents to which it is a party (other than any obligation for the payment of principal or interest on the Covered Bonds and/or any obligation to ensure compliance of the Cover Pool with the Statutory Tests), (except where, in the sole opinion of the Representative of the Covered Bondholders, such default is not capable of remedy in which case no notice will be required), and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer, certifying that such failure is, in its opinion, materially prejudicial to the interests of the Covered Bondholders and specifying whether or not such failure is capable of remedy; or
- (iii) any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) an Insolvency Event of the Issuer (other than, for the avoidance of doubt, resolution (*risoluzione*) and "*misura di intervento precoce*") has occurred; or
- (v) an Article 74 Event has occurred (as defined below); or

- (vi) the Issuer ceases to carry on its primary business (because of the loss of its banking license or otherwise); or
- (vii) if, following the delivery of a Breach of Test Notice, the Statutory Tests and the Asset Coverage Test are not met at, or prior to, the next Test Calculation Date unless the Representative of the Covered Bondholders or the Meeting of the Organisation of the Covered Bondholders resolves otherwise.

If an Issuer Event of Default occurs, the Representative of the Covered Bondholders may, at its sole discretion, or shall, if so directed by an Extraordinary Resolution, serve a written notice (the “**Notice to Pay**”) on the Issuer and the Guarantor declaring that an Issuer Event of Default has occurred (specifying, in case of an Article 74 Event that the Issuer Event of Default may be temporary).

Upon the service of a Notice to Pay:

- (a) each Series or Tranche of Covered Bonds will accelerate against the Issuer and they will rank *pari passu* amongst themselves against the Issuer, *provided that*:
  - (A) such events shall not trigger an acceleration against the Guarantor,
  - (B) in accordance with Article 7-*quaterdecies* of Law 130 and pursuant to the relevant provisions of the Programme Documents, the Guarantor shall be solely responsible for the exercise of the rights of the Covered Bondholders *vis-à-vis* the Issuer and
- (b) the Guarantor will pay any amounts due under the Covered Bonds in accordance with the provisions of the Covered Bond Guarantee (See Sections *Covered Bond Guarantee*);
- (c) the Statutory Tests and the verification of the Liquidity Buffer Target Amount shall continue to be applied and the Amortisation Test and the Minimum OC Requirement shall be also applied;
- (d) the Guarantor shall (only if necessary in order to timely effect any payments due under the Covered Bonds) direct the Servicer to sell the Receivables in accordance with the provisions of the Cover Pool Administration Agreement;
- (e) no further payments to the Seller under the Subordinated Loan Agreement shall be effected until all Covered Bonds are fully repaid or an amount equal to the

Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated;

- (f) no further Eligible Assets, Integration Assets and/or Liquid Assets shall be transferred from the Seller to the Guarantor pursuant to Clause 2.3.2 and 2.3.3 of the Master Transfer Agreement;
- (g) no further Covered Bonds will be issued.

*provided that*, in case of Article 74 Event, the effects listed in items from (a) to (c) above will only apply during the Suspension Period. Accordingly (A) the Guarantor, in accordance with Law 130, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds. The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders of an Article 74 Event Cure Notice.

#### **Guarantor Events of Default**

Following an Issuer Event of Default and the service of a Notice to Pay, the following events shall constitute “**Guarantor Events of Default**”:

- (i) failure by the Guarantor to pay any interest and/or principal due and payable under the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be, it being understood that, for the avoidance of doubt, with reference to the failure by the Guarantor to pay any principal due at the Maturity Date, no Guarantor Event of Default shall occur should an Extended Maturity Date have been specified as applicable in the relevant Final Terms; or
- (ii) breach of the Amortisation Test on any Test Calculation Date (provided that, in case of an Issuer Event of Default consisting in an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice); or
- (iii) breach by the Guarantor of any material obligations under or in respect of the Covered Bonds (of any Series or Tranche outstanding) or any of the Programme Documents to which it is a party (other than any obligation for the payment of principal or interest on the Covered Bonds and/or any obligation to ensure compliance of the Cover Pool with the Tests), (except where, in the sole opinion of the Representative of the

Covered Bondholders, such default is not capable of remedy in which case no notice will be required), and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer, certifying that such failure is, in its opinion, materially prejudicial to the interests of the Covered Bondholders and specifying whether or not such failure is capable of remedy; or

- (iv) an Insolvency Event of the Guarantor; or
- (v) the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect.

If a Guarantor Event of Default occurs, the Representative of the Covered Bondholders shall serve a notice on the Guarantor (the “**Acceleration Notice**”) that a Guarantor Event of Default has occurred, unless an Extraordinary Resolution is passed resolving otherwise.

Upon service of an Acceleration Notice upon the Guarantor:

- (i) the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest;
- (ii) subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Redemption Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 9(a) (*Gross up*)) in accordance with the Priority of Payments;
- (iii) the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Administration Agreement; and
- (iv) the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders;
- (v) no further Eligible Assets, Integration Assets and/or

Liquid Assets shall be transferred from the Seller to the Guarantor pursuant to the Master Transfer Agreement.

#### **Available Funds**

On each Guarantor Payment Date, the “**Available Funds**” shall include (a) the Interest Available Funds, (b) the Principal Available Funds and (c) the amounts received by the Guarantor as a result of any enforcement taken *vis-à-vis* the Issuer in accordance with Article 7-*quaterdecies* of Law 130 (the “**Excess Proceeds**”) provided that the Available Funds do not include the Swap Collateral.

On each Guarantor Payment Date the “**Interest Available Funds**” shall include:

- (a) any interest collected by the Servicer in respect of the Cover Pool and credited into the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (b) all interest deriving from the Eligible Investments made with reference to the immediately preceding Collection Period;
- (c) all recoveries in the nature of interest and penalties received by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (d) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Guarantor Payment Date;
- (e) any amounts other than in respect of principal received under the Swap Agreements (other than any Swap Collateral);
- (f) any swap termination payments received from a Covered Bond Swap Counterparty under a Swap Agreement, provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will first be used to pay a Replacement Covered Bond Swap Counterparty to enter into a Replacement Swap Agreement, unless a Replacement Swap Agreement has already been entered into by or on behalf of the Guarantor;
- (g) prior to the service of a Notice to Pay on the Guarantor amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount and following the service of a Notice to Pay on the Guarantor, any amounts standing to the credit of the Reserve Account;
- (h) any amounts (other than the amounts already allocated

under other items of the Interest Available Funds or Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period;

- (i) the interest amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period.

On each Guarantor Payment Date the “**Principal Available Funds**” shall include, without duplication:

- (a) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (b) all other recoveries in the nature of principal collected by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (c) all proceeds deriving from the sale, if any, of the Eligible Assets, Integration Assets or Liquid Assets during the Collection Period preceding the relevant Guarantor Payment Date;
- (d) without duplication with other items of this definition, all principal proceeds deriving from the liquidation of Eligible Investments during the Collection Period preceding the relevant Guarantor Payment Date;
- (e) any other principal amounts standing to the credit of the Accounts as of the immediately preceding Collection Date;
- (f) all amounts in respect of principal (if any) received under any Swap Agreement (other than the Swap Collateral);
- (g) any amounts to be transferred pursuant to item (vi) of the Pre-Issuer Event of Default Interest Priority of Payments;
- (h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period;
- (i) principal amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period;
- (j) any amount paid under the Subordinated Loan and not



repaid, standing to the credit of the Collection Accounts;

- (k) following a Notice to Pay, and before an Acceleration Notice, all principal amounts standing to the credit of the Liquidity Buffer Account as at the relevant Guarantor Calculation Date.

### **Cover Pool**

The Covered Bond Guarantee will be collateralised by the Cover Pool constituted by (i) the Portfolio comprised of Mortgage Loans and related collateral, Integration Assets and/or Liquid Assets assigned to the Guarantor by the Seller in accordance with the terms of the Master Transfer Agreement and (ii) any other Eligible Assets, Integration Assets and/or Liquid Assets held by the Guarantor with respect to the Covered Bonds and the proceeds thereof which will, *inter alia*, comprise the funds generated by the Portfolio, the Integration Assets and the Liquid Assets including, without limitation, funds generated by the sale of assets from the Cover Pool and funds paid in the context of a liquidation of the Issuer.

For further detail, see “*Description of the Cover Pool*”.

### **Recourse**

In accordance with the legal framework established by the Law 130 and with the terms and conditions of the relevant Programme Documents (as defined below), the Covered Bondholders will benefit from recourse on the Issuer and limited recourse on the Guarantor. The obligation of the Guarantor under the Covered Bond Guarantee shall be limited recourse to the Available Funds.

### **Subordinated Loan**

Pursuant to a subordinated loan agreement entered into on 1 October 2019 between the Seller and the Guarantor (the “**Subordinated Loan Agreement**”) the Seller granted to the Guarantor a subordinated loan (the “**Subordinated Loan**”) with a maximum amount equal to the relevant individual commitment limit as specified in the Subordinated Loan Agreement (each, the “**Individual Commitment Limit**”). Under the provisions of such agreement, the Seller shall make advances to the Guarantor for the purpose of funding: (i) the purchase from the Seller of the Eligible Assets and/or Integration Assets and/or Liquid Asset transferred from time to time to the Guarantor (the “**Term Loans**”) and (ii) the establishment and/or maintenance of a cash reserve sufficient to comply with the Liquidity Buffer Target Amount in accordance with the terms and conditions set forth under the Cover Pool Administration Agreement. Each Term Loan shall be remunerated by way of:

- (a) the Base Interest (*Interessi Base*) (as defined below); and
- (b) the Premium Interest (*Interessi Aggiuntivi*) (as defined below).

## **SALE AND DISTRIBUTION**

### **Distribution of the Covered Bonds**

The Covered Bonds may be distributed on a syndicated or non-syndicated basis, in each case only in accordance with the relevant selling restrictions.

### **Selling Restrictions**

The offer, sale and delivery of the Covered Bonds and the distribution of offering material in certain jurisdictions may be subject to certain selling restrictions. Persons who are in possession of the Base Prospectus are required by the Issuer, the Dealers and the Joint Arrangers to inform themselves about, and to observe, any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, the Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of the Base Prospectus and the offer or sale of Covered Bonds in the European Economic Area, including the United Kingdom, the Republic of Ireland, Germany, the Republic of Italy, and in Japan. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of the Base Prospectus, see section “*Subscription and Sale*” of the Base Prospectus.

## **RISK FACTORS**

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Covered Bonds issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Covered Bonds issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on the information currently available to them or which they may not currently be able to anticipate.*

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

*Words and expressions defined in the "Terms and Conditions of the Covered Bonds" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.*

### **RISK FACTORS RELATING TO THE ISSUER**

The risks below have been classified into the following categories:

- 1. Risks related to the Issuer's financial situation, business sector and activities;*
- 2. Risks related to the legal and regulatory environment of the Issuer;*
- 3. Risks related to legal proceedings.*

#### **1. Risks related to the Issuer's financial situation, business sector and activities**

##### *Credit risk*

To the extent that any of the instruments and strategies used by the Issuer to hedge or otherwise manage its exposure to credit risk are not effective, the Issuer may not be able to mitigate effectively its risk exposure and collect timely the credits outstanding. The Issuer's financial results also depend upon how effectively the Issuer determines and assesses the cost of credit and manages its own credit risk concentration (currently mitigated by the credit portfolio fragmentation and sector diversification).

The Issuer is exposed to the traditional risks related to credit activity towards individuals as well as companies.

Therefore, the clients' breach of the agreements entered into and of their underlying obligations, or any lack of, or incorrect, information provided by them as to their respective financial and credit position, could have negative effects on the economic and/or financial situation of the Bank.

More generally, the counterparties may not satisfy their respective obligations towards the Bank by reason of bankruptcy, absence of liquidity, operational disruption or any other reason. The

bankruptcy of an important credit counterparty, or any concerns about its default, could cause serious liquidity issues, losses or defaults by other institutions, which, in turn, could negatively affect the Bank. Furthermore, a decrease of the creditworthiness of third parties might cause losses and/or have a negative impact on the results of the Bank's performances and negatively affect the ability of the Bank to invest again or use in a different way such securities for liquidity purposes. Albeit, in many cases, the Bank could require further guarantees to the counterparties which are in financial difficulties, certain disputes may arise with respect to the amount of guarantee that the Bank is entitled to receive and the value of the assets which are object of guarantee, either offered in credit origination or added subsequently as an credit enhancement mechanism. The default rates, counterparties rating deterioration and disputes in relation to counterparties on the guarantee appraisal could significantly increase during periods of market tensions and illiquidity.

As of 30 June 2023, Banca Popolare dell'Alto Adige recorded a NPL ratio of 4.7% gross and 2.1% net, which is an improvement compared to the 31 December 2022, where the same data corresponded to 5.0% gross and 2.3% net.

With regard to the half-year results relative to June 2023, the Bank recorded these results: total of net non-performing loans (Bad Loans, Unlikely-to-Pay and Past Due) are equal to €153 mln (-€14 mln compared to the value recorded at year-end 2022 when the net-total amount was equal to €167 mln).

The reduction of NPL ratio is in line with the NPL Strategy defined by the Bank in accordance with the "Guidelines on management of non-performing and forborne exposures" of EBA, and yearly reported to Bank of Italy.

For further information on the management of the "credit risk", please refer to Part E of the explanatory note of the financial statements for 2022.

#### *Risk exposure to debt securities issued by sovereign States*

As of 30 June 2023, based on managerial data, the exposure to securities issued by Republic of Italy amounted to approximately Euro 2.98 billion (25% of the total assets). It compared to approximately Euro 3.15 billion (24% of the total assets) as of 31 December 2022.

The market tensions regarding government bonds and their volatility, as well as possible Italy's rating downgrading or negative outlook, might have negative effects on the assets market value, the economic and/or financial situation, the operational results and the perspectives of the Bank.

The Issuer's results are and will be exposed to sovereign debtors, in particular to Republic of Italy (exposures to other sovereign debt are essentially marginal).

#### *Competition in the Italian market*

Competition is intense in all of the Issuer's primary business areas in Italy. The Issuer derives nearly all of its banking income from its banking activities in Italy and in particular in northeast of Italy where all of its branches are based at the date of this Base Prospectus, a mature market where competitive pressures have been increasing quickly and which experienced in the recent past a process of consolidation, with large banking groups undergoing mergers and acquisitions to achieve greater economies of scale and reducing branch network to obtain efficiencies.

The banking sector has also seen the emergence in recent years of alternative distribution channels for many of the products that the Issuer offers. Other factors which may affect competition include consumer demand, technological changes (including entrance of pure digital players and Fintechs in the market) and the regulatory framework. Furthermore, the worsening of the macroeconomic conditions could add to the competitive pressure through, for example, increased pressure on lending

margins, increases in the cost of funding or decrease in business volumes. Competitive pressures could further result in increased pricing pressures on a number of the Issuer's products and services, particularly as competitors seek to win market share in the profitable business lines (as example wealth management), and may harm its ability to maintain or increase profitability.

Should the Issuer be unable to compete with its competitors and their services and products, or to actively and effectively respond to increasing competitive pressures, the Issuer may be adversely affected, losing existing or potential business, market share or incur in losses which could materially affect its business or operations.

#### *Changes in interest rates*

Fluctuations in interest rates influence the Issuer's financial performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate sensitivity and, in particular, changes in market interest rates. A mismatch in duration and pricing structure between interest-earning assets and interest-bearing liabilities in any given period, which may increase in periods of interest rates movements, may have a material effect on the Issuer's financial condition or results of operations.

The Issuer, as all banks operating in Italy, carries in fact a customer maturity mismatch between sight current accounts and term loans. Such mismatch is actively managed, both in terms of maturity level (ensuring a long-term funding complementary to the customer funding) and in terms of interest rate risk (apart from customer short-term loans, asset maturity is shortened through treasury portfolio with less than 3 years duration and hedging positions). Less than 50% of BPAA's assets carries fixed interest rate risk before hedge.

#### *Market risk*

The market risk is the risk of losses in the value of financial instruments, including the securities of sovereign States held by the Bank, due to the movements of market variables (by way of example and without limitation, interest rates, prices of securities, exchange rates), which could determine a deterioration of the financial soundness of the Bank. Such deterioration could be produced either by devaluations from positions held for trading purposes, or from negative changes in the FVOCI (Fair Value through Other Comprehensive Income) reserve, generated by positions classified as financial Activities evaluated at fair value, with an impact on the overall profitability.

The Bank is therefore exposed to possible changes of the financial Instruments value, in particular the securities issued by sovereign States, due to fluctuations of interest rates, currency exchange rates, prices of the securities listed on the markets, commodities and credit spreads and/or other risks. Such fluctuations could be caused, among others, by changes in the general economic trend, the investors' propensity to investments, monetary and tax policies, liquidity of the markets on a global scale, availability and capital cost, interventions of rating agencies, political events both at social and international level, war conflicts and acts of terrorism. The market risk occurs both with respect to the trading book, which includes the financial trading instruments and derivative instruments related thereto, and the banking book, which includes the financial assets and liabilities that are different from those contained in the trading book.

Market risks relating to the trading and banking book are constantly monitored by the Issuer and are measured by means of the 'Value-at-Risk' (VaR). Given a portfolio of financial instruments, VaR expresses the maximum potential loss resulting from unfavourable movements in market parameters over a given time horizon and with a defined probability. The market parameters taken into

consideration are interest rates, exchange rates, credit spreads and prices of shares, indices and funds and their volatilities.

The trading book constitutes a very small fraction of the Issuer's proprietary portfolio, as most of the financial instruments held are recorded in the Hold To Collect & Sell (HTCS) and Hold To Collect (HTC) accounting categories and therefore belong to the banking book.

In this regard, it should be noted that, with reference to VaR (on Hold to Collect and Sell (HTCS) debt securities, as well as on Fair Value Through Profit and Loss (FVTPL) equity exposures not held for trading purposes), the Issuer's risk profile at the end of 2022 was equal to about EUR 1.85 million (VaR 95% on a daily basis), while the average value for the same year (2022) was about EUR 1.6 million. For comparison purposes, at the end of 2021, this metric was approximately Euro 0.65 million.

#### *Protracted market declines and reduced liquidity in the markets*

In some of the Issuer's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the Issuer cannot exit deteriorating positions in a timely way. This may especially be the case for assets that do not have a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the Issuer using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Issuer's operation, results and financial condition.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Issuer's securities trading activities and its asset management services, as well as the Issuer's investments in and distribution of products linked to the performance of financial assets.

#### *Concentration risk*

Concentration risk is a risk deriving from credit exposure to the counterparties, groups of related counterparties, counterparties that operate in the same economic sector or which exercise the same activities. Concentration risk is measured in compliance with the provisions of Bank of Italy Circular No. 285 of 17 December 2013, as amended (Title III – Chapter 1 – Annex B) by the Granularity Adjustment (GA) method. Specific procedures were defined under the Internal Capital Adequacy Assessment Process (ICAAP) in compliance with applicable regulatory provisions in order to calculate single name and geo-sector concentration risk, namely, the risk deriving from counterparties operating in the same sector or geographical area. Banca Popolare dell'Alto Adige has also established a defined system of limits that controls and steers the guidelines in order to limit exposure to concentration risk in the Issuer's loan portfolio. The various forms of concentration risk are also monitored in the quarterly credit report and discussed at the quarterly meetings of the internal credit committee of the Issuer.

#### *Liquidity risk*

Liquidity risk is the risk that the Issuer might be unable to meet its payment obligations when due or to fund increases in its assets. This risk is inherent in any retail and commercial banking business and can be heightened by a number of bank-specific factors, including over-reliance on a particular source of funding, short-term maturities, changes in credit ratings or market-wide phenomena such as market dislocation. Liquidity risk mainly takes the form of inability of the Issuer to:

- obtain funds on the market (funding liquidity risk);
- obtain funds by selling assets on the market (asset liquidity risk).

While the Issuer implements liquidity management processes in accordance with the internal instructions and operational guidelines and seeks to mitigate and control these risks, unforeseen systemic market factors make it difficult to eliminate completely these risks. Continued constraints in the supply of liquidity, including in inter-bank lending, have affected and may materially and adversely affect the cost of funding of the Issuer's business, and extreme liquidity constraints may affect its current operations and its ability to fulfil regulatory liquidity requirements, as well as limit growth possibilities.

*Risks related to the economic/financial crisis and the impact of current uncertainties of the macro-economic context*

The performance of Banca Popolare dell'Alto Adige is influenced by the economic situation generally, the Eurozone and Italy, as well as by the dynamics of financial markets, in particular, by the stability and growth prospects of the geographical areas in which the Issuer operates (northeast Italy). The capacity of the Issuer to generate income and its solvency depend on such factors as investor expectations and confidence, levels and volatility of short and long-term interest rates, exchange rates and liquidity of financial markets, availability and cost of capital, sustainability of sovereign debt, household income and consumer spending, levels of unemployment, inflation and housing prices. Adverse changes in these factors, especially in the periods of economic and financial crisis, could result in losses for the Issuer as well as increases in financing costs and reductions in the value of assets held, all of which could have a negative effect on liquidity and capital solidity of Banca Popolare dell'Alto Adige.

The current macroeconomic situation is characterised by significant uncertainties that relate to:

- trends of the real economy as regard to dynamics of national economic growth and the stability of the economies in those countries (Eurozone, United States and China) that have a strong commercial relationship with the economy of northeast Italy;
- developments in relation to the invasion of Ukraine by the Russian Federation, on 24 February 2022, which generated an international armed conflict, triggering a further increment of the volatility of global markets resulting in dampening growth prospects as a consequence of the heavy repercussions of the conflict in the costs of energy and supply of raw materials. Furthermore, the effects of the conflict may still in the future extend to other parts of the economy and negatively affect the European markets. The extent of these effects will depend on the evolution of the conflict, the impact of sanctions and any additional measures taken against the Russian Federation;
- future developments in the monetary policy of the ECB in the Eurozone and of the FED area in the dollar area, and in the policies implemented by various countries aimed at reducing inflationary pressures; and
- sustainability of sovereign debts in some countries and the tensions on financial markets, in particular Italy's that experienced some sovereign debt tensions in the past and carries a high debt to GDP ratio.

Negative developments in all or some only of the above factors may have an adverse effect on the Issuer's financial condition and results of operations.

### *Operational risks*

Operational risk is the risk of losses arising from errors or inadequate internal processes, human resources and systems or from external events. The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorized transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems, cyber-attacks on the Issuer's information systems and digital infrastructures, disruptions from suppliers and outsourcers. The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Issuer's financial performance and business activities.

For further information, please see section headed "*The Issuer - Operational Risk Management*".

### *Reputational risk*

Reputational risk is the current or potential risk of a decline in earnings or capital arising from an adverse perception of the Issuer's customers, employees, counterparties, shareholders, investors or supervisory authorities, as a result of the Issuer's practices, business decisions, operational decisions and alignment in relation to environmental, social and governance risks.

In particular, the most material and specific inherent (potential) reputational risk factors for the Issuer relate to: possible unfavorable outcomes of ongoing legal proceedings with customers; possible cyber attack events that would substantially and for a significant period of time limit the Issuer's ability to provide payment services and/or violate the security of customer data; and the application of sanctions by the Authorities related to improper market practices.

Furthermore, with reference to any Covered Bonds in respect of which the applicable Final Terms state that the proceeds will be used to finance or refinance, in whole or in part, Eligible Green Projects (as defined below), reputational risk may arise in the event that the Issuer fails to allocate an amount equal to the net proceeds on Eligible Green Projects as described in the applicable Final Terms. For further details in this regard, reference is made to the risk factor headed "*Covered Bonds issued with a specific use of proceeds, such as to finance or refinance, in whole or in part, Eligible Green Projects may not be a suitable investment for all investors seeking exposure to green assets*" and the section "*Use of Proceeds*" of this Base Prospectus.

### *Climate change risks*

Climate change and related environmental stability and their potential impacts are prone to create significant risks in the financial markets, to the global and to regional economies. Climate change may encompass two main categories of risks:

- Physical risks: encompass the risks of damage to assets, operations, businesses and people due to extreme and acute events such as droughts, wildfires, floods and hurricanes, as well as longer-term climatic changes, such as rising sea level. Such damages could result in financial losses that could impair asset values and the creditworthiness of the Issuer and could disrupt the Issuer's operations or those of its customers on which the Issuer relies and does business with. Furthermore, these risks encompass the indirect costs that the Issuer may incur when adapting to these circumstances, including augments in the cost of capital;
- Transition risks: relate to the Issuer's response and that of its customers to climate change and the consequent net-zero transition stipulated by the Paris Agreement. These risks encompass political



risks, technological risks, market risks, liability risks and reputational risks, which could increase the Issuer's expenses and impact its strategies.

Any of the conditions described above could have a material adverse effect on the business, financial condition and results of operations of the Issuer.

*Impact of events which are difficult to anticipate*

The Issuer's earnings and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, at a regional, national and international level.

During a recession, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products.

Each of these factors can change the level of demand for the Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer's investment and trading portfolios.

Any of the conditions described above could have a material adverse effect on the business, financial condition and results of operations of the Issuer.

*Historical information*

The historical, financial and other information set out in the sections headed "*Description of the Issuer*" and "*Overview Financial Information relating to the Issuer*", and in the financial statements of the Issuer incorporated by reference in this Base Prospectus, represents the historical experience of Banca Popolare dell'Alto Adige and is subject to regular auditing. There can be though no assurance that the future experience and performance of the Issuer will be similar to the past experience described in this Base Prospectus.

This could affect the business activities and financial results of the Issuer and, in turn, the Issuer's ability to make payments under the Covered Bonds.

## **2. Risks related to the legal and regulatory environment of the Issuer**

*Changes in the Italian and European regulatory framework could adversely affect the Issuer's business*

Banca Popolare dell'Alto Adige's business is governed by Italian domestic and European Union legislation relating to the financial and banking sectors and is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the public authority responsible for regulating the Italian securities market), the European Central Bank and the European Banking Authority.

Banca Popolare dell'Alto Adige has as its corporate object, the raising of funds for investment and lending in its various forms. The banking laws to which Banca Popolare dell'Alto Adige is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of banks and limit their exposure to risk. In addition, Banca Popolare dell'Alto Adige must comply with financial services laws that govern its marketing and selling practices.

Any changes in how such regulations are applied or interpreted by the regulators may have a material and/or detrimental effect on the Issuer's business and operations. Furthermore, a breach of any regulations by the Issuer could lead to the intervention of supervisory authorities and the Issuer could

come under investigation and surveillance. The Issuer may also become subject to new regulations and guidelines that may require additional expenditures which may introduce additional strain on the Issuer.

No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial conditions, cash flows or operational results of the Issuer.

#### *Capital adequacy*

Based on the Capital Requirements Regulation (Regulation (EU) No. 575/2013, as amended or "**CRR**") and the Capital Requirements Directive (Directive 2013/36/EU or "**CRD IV**"), Italian banks are at all times required to satisfy the following own funds requirements (calculated as a percentage of risk weighted assets): (i) a CET 1 capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; and (iii) a Total Capital Ratio of 8 per cent. In addition to these minimum regulatory capital requirements, the CRD IV also introduced capital buffer requirements that must be met with CET1 capital, in particular:

- (a) capital conservation buffer for unexpected losses, requiring additional CET1 of 2.5 per cent. Of total weighted exposures;
- (b) institution-specific counter-cyclical capital buffer, requiring additional CET1 of up to 2.5 per cent. Of total weighted exposures and applied in the periods of excessive credit growth.
- (c) global systemically important institutions ("**G-SIBs**") buffer of between 1 per cent. and 3.5 per cent. of CET1;
- (d) other systemically important institutions ("**O-SII**") buffer, which may be as much as 2 per cent. of CET1; and
- (e) CET1 systemic risk buffer aimed at mitigating long term non-cyclical systemic or macro prudential risks.

Being a less significant institution, the Issuer has to comply with the temporary framework which is specified through the annual supervisory review and evaluation process (SREP). Consequently G-SIBs and O-SII are not applied to the Issuer.

In compliance with CRD IV and EBA SREP Guidelines, the Bank of Italy, as Italian competent authority, may require Italian institutions to hold own funds in excess of the requirements set out in the CRR.

As of 6 April 2023, the Issuer is required to comply with the following capital requirements:

- (i) a CET1 capital ratio of 8.80 per Cent. comprising a binding requirement of 5.30 per cent. (of which 4.50 per Cent. as a minimum regulatory capital requirement and 0.80 per Cent. as additional capital requirement determined by the SREP outcome), a capital conservation buffer of 2.50 per Cent. and a Target component (Pillar 2 Guidance, P2G), in the face of increased risk exposure under stressful conditions, of 1.00 per cent.;
- (ii) a Tier 1 capital ratio of 10.60 per Cent. comprising a binding requirement of 7.10 per cent. (of which 6.00 per Cent. as a minimum regulatory requirement and 1.10 per Cent. as additional capital requirement determined by the SREP outcome) a capital conservation buffer of 2.50 per Cent. and a Target component (Pillar 2 Guidance, P2G), in the face of increased risk exposure under stressful conditions, of 1.00 per cent.; and

- (iii) a total capital ratio of 13.00 per cent., comprising a binding requirement of 9.50 per cent. (of which 8.00 per Cent. as a minimum regulatory capital requirement and 1.50 per Cent. as additional capital requirement determined by the SREP outcome) a capital conservation buffer of 2.50 per Cent. and a Target component (Pillar 2 Guidance, P2G), in the face of increased risk exposure under stressful conditions, of 1.00 per cent.

These and any additional legislative or regulatory actions in Italy, the European Union or other countries, and any required changes to the Issuer's regulatory capital requirements and business operations resulting from such legislation and regulations, could limit the ability of the Issuer to pursue business opportunities in which they might otherwise consider engaging, affect the value of assets that the Issuer holds, require the Issuer to increase its prices and thereby reducing demand for its products, impose additional costs and/or more stringent capital requirements on the Issuer or otherwise adversely affect its businesses. Accordingly, the Issuer cannot provide assurance that any such new legislation or regulations would not have an adverse effect on their respective businesses, results of operations or financial condition in the future.

#### *Liquidity management adequacy*

The Basel III agreements provided for the introduction of a Liquidity Coverage Ratio ("LCR"), to establish and maintain a liquidity buffer that will permit the bank to survive for 30 days in the event of serious stress. 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. The CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to liquidity coverage ratio and leverage ratio to enhance regulatory harmonisation in Europe through the Single Rule Book.

The Banking Reform Package introduces a binding (Pillar 1) leverage ratio of three per cent. of Tier 1 capital which banks must meet in parallel with their own risk-based capital requirements, as well as an additional leverage ratio buffer requirement for institutions identified as G-SIIs; and a Net Stable Funding Ratio ("NSFR") to prevent overreliance by banks on short-term funding raised in wholesale markets to finance their long-term commitments.

#### *The Issuer is subject to the provisions of the EU Bank Recovery and Resolution Directive*

Directive 2014/59/EU of 15 May 2014 ("BRRD" or the "Bank Recovery and Resolution Directive") provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. Implemented in Italy under Legislative Decree No. 180 of 16 November 2015, BRRD is designed to provide authorities with a credible set of resolution tools and powers designed (among other things) to protect depositors and investors and to minimise reliance on public financial support. BRRD's broad range of resolution tools and powers may be used alone or in combination where the relevant resolution authority considers that certain required conditions are met, namely, that an institution is failing or likely to fail, that no alternative private sector measure, or supervisory action, would prevent the failure of the institution within a reasonable timeframe and that the taking of a resolution action is necessary to the public interest.

In addition, BRRD requires institutions to meet at all times a sufficient aggregate amount of own funds and "eligible liabilities" expressed as a percentage of the total liabilities and own funds of the institution (i.e. 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 final draft

regulatory technical standards published by the EBA in July 2015 set out the assessment criteria that resolution authorities should use to determine the MREL for individual firms. BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not subject to supervision by the ECB such as the Issuer) or to the Single Resolution Board (the “SRB”) for banks subject to direct supervision by the ECB under Regulation (EU) No 806/2014 laying down uniform rules and procedures for the resolution of credit institutions and certain investment firms under the Single Resolution Mechanism (“SRMR”).

Furthermore to the capital and liquidity thresholds, on June 13, 2023 Bank of Italy communicated to the Issuer also two additional minimum requirements, in coherence with Single Resolution Board (“SRB”) approach, with respect to add-on to pillars I and II and with respect to financial leverage. In particular, the Issuer is bound to a minimum Total Risk Exposure Amount (“TREA”) of 12% and a minimum Leverage Ratio Exposure (“LRE”) of 4.25%.

#### *Guidelines on loan origination monitoring and default management*

On 15 March 2018, the ECB published an addendum to its guidance to banks on non-performing loans (NPLs) (“**ECB Addendum**”). The ECB published its original guidance to banks on NPLs in March 2017 (“**NPL Guidance**”). The aim of NPL Guidance is to clarify supervisory expectations relating to the identification, management, measurement and write-off of NPLs in the context of existing regulations, directives and guidelines. It stresses the importance of timely provisioning and write-off practices related to NPLs as such actions help to strengthen banks' balance sheets, enabling them to focus on their core business. The NPL Guidance calls on banks to implement realistic and ambitious strategies aimed at achieving a holistic approach to NPLs, which includes areas such as governance and risk management.

The ECB Addendum supplements the NPL Guidance by setting out the ECB's supervisory expectations when assessing a bank's levels of prudential provisions for non-performing exposures (NPEs). The ECB will take into account, among other things, the length of time a loan has been non-performing as well as any collateral held and will adopt a gradual path towards the supervisory expectations. Therefore, the ECB will assess secured exposures in the context of the supervisory dialogue, taking into account a linear path starting from the third year after an exposure was classified as non-performing (when at least 40 per cent. provisioning will be expected). As regards new unsecured NPEs, the ECB Addendum states that the ECB's supervisory expectation is that such NPEs will be fully covered after two years of NPEs life. Taking into account the specificities of the supervisory expectations, banks will thus be asked to inform the ECB of any differences between their practices and the prudential provisioning expectations, as part of the SREP supervisory dialogue.

The ECB's supervisory expectations set out what the ECB considers to be a prudent treatment of NPEs. Its aim is to avoid an excessive build-up of non-covered aged NPEs on banks' balance sheets in the future, which would require supervisory measures. Therefore, the ECB considers that prudent provisioning implies the continuation of booking accounting provisions in line with banks' assessments and existing accounting principles. Only in the event that the accounting treatment applied is considered not prudent from a supervisory perspective may supervisors determine adequate measures on a case-by-case basis.

The ECB Addendum is not binding on banks (but serves as a basis for supervisory dialogue), does not substitute or supersede any applicable regulatory or accounting requirements and is complimentary to any future EU legislation, notwithstanding, the ECB expects banks to fully adhere to the guidance in line with the severity and scale of NPLs in their portfolios. This guidance is taken

into consideration in the Single Resolution Mechanism regular supervisory review and evaluation process and non-compliance may trigger supervisory measures.

As part of the comprehensive package of measures adopted by the European Commission in March 2018 to reduce NPLs in Europe, Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 was adopted to introduce a 'statutory prudential backstop' in order to prevent the risk of under provisioning of future NPLs. This regulation requires banks to have sufficient loan loss coverage (i.e. common minimum coverage levels) for newly originated loans if these become non-performing exposures. In case a bank does not meet the applicable minimum coverage level, it has to deduct the shortfall from its own funds. The measures adopted by the European Commission to tackle NPLs also include a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral.

Moreover, starting from 2020, calendar provisioning is applied to the stock of banks' NPLs, gradually bringing it to a run off indicatively until 2026.

On 20 March 2020 among the package of measures adopted in reaction to the covid-19 outbreak, the ECB announced further measures introducing supervisory flexibility regarding the treatment of NPLs, in particular to allow banks to fully benefit from guarantees and moratoriums put in place by public authorities to tackle the current distress. In light of that scenario, the EBA has also issued statements regarding the prudential framework in relation to the classification of loans in default, classification of exposures under the definition of forbearance or as defaulted under distressed restructuring, and their accounting treatment. In particular, the EBA has clarified that generalised payment delays due to legislative initiatives and addressed to all borrowers do not lead to any automatic classification in default, forborene or unlikeliness to pay (individual assessments of the likeliness to pay should be prioritised) and has clarified the requirements for public and private moratoria, which if fulfilled, are expected to help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

In addition, in March 2019, the EU Council adopted a directive which defines rules for how non-credit institutions can buy credit agreements from banks. The proposed directive removes obstacles to the transfer of NPLs from banks to non-credit institutions and tries to simplify the authorization requirements for credit services across the EU.

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 (often classified as UTP), such as public guarantees on lending to SMEs, public aid on new financing and new securitization rules.

These recent changes to the legislative framework and other measures that may be introduced in the future could affect the NPL market by altering the methods and time frames for debt recoveries and enforcement proceedings in Italy and introducing new operating and capital requirements. While some of these changes will likely improve efficiency of the NPL market, others (such as the statutory prudential backstop) may impose more stringent requirements on NPL operators).

### **3. Risks related to legal proceedings**

As at the date of this Base Prospectus, the Issuer is subject to litigations in the ordinary course of its business, including civil and administrative legal proceedings, as well as several arbitration and tax proceedings. 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.

The main clusters of legal disputes are related to the compounding of interest (*anatocismo*) and usury procedures, the claims related to the performance of investment services, disputes related to tax and real estate law matters and claw-back claims linked to payments occurred just before bankruptcies. In addition, there are also some disputes with shareholders (either individual or cumulative court trials) regarding the Bank's stock purchase advisory process.

To provide an estimate of possible liabilities and costs that may result from pending legal proceedings and other operating risks, as of 30 June 2023, the Issuer set aside a provision for risks and charges of Euro 26.7 million (compared to Euro 24.0 million as of 31 December 2022). The assessment of other provisions for risks and charges allocated for pending legal disputes is a complex activity, characterized by a high level of uncertainty, in which the Issuer's directors make estimates on the outcome of legal disputes, the risk of losing and the timing of their closure. As such, the auditing firm in charge of auditing the financial statements as of 31 December 2022 considered the assessment of other provisions for risks and charges a key aspect for the audit.

Although this provision for risks and charges, as of 31 December 2022, were considered adequate in accordance with IFRS, it cannot be excluded that, in the future, it may not be sufficient to fully meet the charges and claims for compensation and restitution associated with the pending proceedings that may arise; consequently, it cannot be excluded that the possible negative outcome of some cases, or a revision of provisions in the course of legal proceedings, may have effects detrimental to the business and the economic, equity and/or financial situation of the Issuer.

### **RISKS FACTORS RELATING TO THE COVERED BONDS**

The risks below have been classified into the following categories:

- 1. Risks related to the Covered Bonds generally;*
- 2. Risks related to the structure of a particular issue of Covered Bonds;*
- 3. Risks related to the underlying;*
- 4. Risks related to the Guarantor and the Guarantee;*
- 5. Risks related to the market generally.*

#### **1. Risks related to the Covered Bonds generally**

##### *Issuer liable to make payments when due on the Covered Bonds*

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Consequently, any claim directly against the Issuer in respect of the Covered Bonds will not benefit from any security or other preferential arrangement granted by the Issuer. An investment in the Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the payment made under relevant Covered Bonds. This may lead to losses under the Covered Bonds.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default and service by the Representative of the Covered Bondholders on the Issuer and on the Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Guarantor Event of Default and service by the Representative of the Covered Bondholders of an Acceleration Notice. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Covered Bond Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Covered Bondholders to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Covered Bond Guarantee. Although the Receivables included in the Cover Pool are originated by the Issuer, they are transferred to the Guarantor on a true sale basis and an insolvency of the Issuer would not automatically result in the insolvency of the Guarantor.

The Covered Bonds will not represent an obligation or be the responsibility of any of the Dealers, the Arrangers, the Representative of the Covered Bondholders or any other party to the Programme Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, upon occurrence of an Article 74 Event (which has not been withdrawn) or a Notice to Pay, the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity and, as to the Guarantor, limited recourse to the Available Funds, for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

#### *Obligations under the Covered Bonds*

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

#### *Extraordinary Resolutions and the Representative of the Covered Bondholders*

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

In addition, the Representative of the Covered Bondholders may agree to the modification of the Programme Documents without consulting Covered Bondholders to correct a manifest error or where such modification (i) is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law or an error established as such to the satisfaction of the Representative of the Covered Bondholders or (ii) in the opinion of the Representative of the Covered Bondholders, is expedient to make provided that it is not or will not be materially prejudicial to the interest of any Covered Bondholders.

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

*Representative of the Covered Bondholders' powers may affect the interests of the Covered Bondholders*

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

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Covered Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Representative of the Covered Bondholders shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 50 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the Regulation (EC) No. 1060/2009 on credit rating agencies (as amended, the “**EU CRA Regulation**”) or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating



agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under EU CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the United Kingdom (“UK”) and registered under the EU CRA Regulation as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “**UK CRA Regulation**”) or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

#### *Covered Bonds issued under the Programme*

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

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share equally in the security granted by the Guarantor under the Covered Bond Guarantee.

Following the service on the Issuer and on the Guarantor of a Notice to Pay (but prior to a Guarantor Event of Default and service of an Acceleration Notice on the Guarantor) the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become due for payment subject to paying certain higher ranking obligations of the Guarantor in the Post-Issuer Event of Default Priority of Payments. In such circumstances, the Issuer will only be entitled to receive payment from the Guarantor of any amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of the Post-Issuer Event of Default Priority of Payments, any principal due and payable under the Subordinated Loan Agreement and any Base Interest and Premium Interest due under the Subordinated Loan Agreement, after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. Following the occurrence of a Guarantor Event of Default and service of an Acceleration Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Bondholders will then have a claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Principal Amount Outstanding plus any interest accrued in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and any Available Funds will be distributed according to the Post Enforcement Priority of Payments.

In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing holders of the Covered Bonds:

- (a) the Term Loan granted by the Issuer to the Guarantor under the terms of the Subordinated Loan Agreement, may only be used by the Guarantor (i) as consideration for the acquisition of the Eligible Assets, Integration Assets and/or Liquid Assets from the Seller pursuant to the terms of the Master Transfer Agreement; and (ii) as consideration for the acquisition of Eligible Assets, Integration Assets and/or Liquid Assets from the Seller pursuant to the terms of the Cover Pool Administration Agreement; and
- (b) the Issuer must always ensure that the Tests are satisfied on each Test Calculation Date in order to ensure that the Guarantor can meet its obligations under the Guarantee;

- (c) the Issuer must always ensure that the Liquidity Buffer Target Amount is satisfied on a continuing basis and on each Test Calculation Date in accordance with, and pursuant to, article 7-*duodecies* of Law 130 and the BoI Regulations.

However, should the above mentioned provisions not be followed by the relevant Parties pursuant to the relevant Programme Documents, then no assurance can be given as to the impact of any further issue of Covered Bonds under the Programme and to the adverse affect it may have on existing holders of the Covered Bonds.

Further issues of Covered Bonds could have an adverse effect on the (the value of) Covered Bonds already issued and could ultimately lead to losses under the Covered Bonds.

*The return on an investment in Covered Bonds will be affected by charges incurred by investors*

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

#### *Law 130*

The Law 130 was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. The Law 130 was further amended during the following years, including on 30 November 2021 by way of Legislative Decree 5 November 2021, n. 190 (the “**Legislative Decree 190/2021**”), entered into force on December 1<sup>st</sup>, 2021, which repealed, *inter alia*, articles 7-*bis* of Law 130 and introduced the new Title I-*bis* of the Law 130.

As at the date of this Base Prospectus, no interpretation of the application of the Law 130 as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for the supervisory instructions set out in Part III, Chapter 3 of the “*Disposizioni di Vigilanza per le Banche*” dated 30 March 2023 (Circolare No. 285 of 17 December 2013), as amended from time to time concerning, *inter alia*, guidelines on the valuation of asset and controls required to ensure compliance with the legislation.

Consequently, it is possible that any Italian court may issue a ruling relating to the Law 130 or a governmental or regulatory authority may issue further regulations relating to the Law 130 or the interpretation thereof, having an impact to the Programme and which cannot be predicted by the Issuer as at the date of this Base Prospectus.

#### *Risks relating to changes of law*

The structure of the issue of the Covered Bonds is based on Italian law (and, in the case of the Swap Agreements and the Deed of Charge, if any, on English law) in force as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to Italian or English law or administrative practice or to the law applicable to any Programme Document and to administrative practices in the relevant jurisdiction or that any such change will not negatively impact the structure of the Programme and the treatment of the Covered Bonds. Except to the extent that any such changes represent a significant new factor or result in this Base Prospectus containing a material mistake or inaccuracy, in each case which is capable of affecting the assessment of the Covered Bonds, the Issuer and the Guarantor will be under no obligation to update this Base Prospectus to reflect such changes.

In particular, on 18 December 2019, the following provisions were published on the Official Journal of the European Union:

- (i) Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the “**EU Covered Bond Directive**”); and
- (ii) Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 (the “**CRR**”) as regards exposures in the form of covered bonds (the “**EU Covered Bond Regulation**”).

The EU Covered Bond Regulation and the EU Covered Bond Directive amended certain provisions of the CRR on covered bonds and introduce standards on the issuance of covered bonds and covered bond public supervision. More in particular, the new EU Covered Bond Regulation made certain amendments to the CRR to strengthen the quality of the covered bonds eligible for favorable capital treatment, while the EU Covered Bond Directive aimed to harmonize the regulation and treatment of covered bonds across EU Member States.

The EU Covered Bond Directive was transposed into the Italian legal framework by means of Legislative Decree 190/2021, which modified Law 130 and entered into force on December 1<sup>st</sup>, 2021.

The Legislative Decree 190/2021 repealed, *inter alia*, articles 7-bis, 7-ter and 7-quater of Law 130 (as applicable until the entry into force of the Implementing Provisions) and introduced the new Title I-bis of the Law 130, which sets out the legislative framework applicable to covered bonds issued as of the adoption by the Bank of Italy of new the supervisory instructions set out in Part III, Chapter 3 of the “*Disposizioni di Vigilanza per le Banche*” dated 30 March 2023 (Circolare No. 285 of 17 December 2013), as amended from time to time (the “**BoI Regulations**”).

The Legislative Decree 190/2021 designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, and entrusted it with the issuing of the implementing provisions of the Title I-bis of Law 130, as amended, by 8 July 2022, in accordance with article 3, paragraph 2, of Legislative Decree 190/2021 (the “**Implementing Provisions**”).

On 30 March 2023 the Bank of Italy published the Implementing Provisions, entering into force on 31 March 2023, and amending the BoI Regulations with regard, *inter alia*, to the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including covered bonds among eligible assets for derivative contracts with hedging purposes; (ii) the procedures for calculating hedging requirements; (iii) the conditions for establishing new issuance programmes; (iv) giving the possibility also to banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; (v) the reduction of the minimum level of over-collateralization for covered bonds (i.e. 2% instead of 5%), deciding not to exercise such optionality (vi) the conditions for issuing under already existing programme as of the date of the entry into force of the Implementing Provisions.

As of the date of this Base Prospectus, given the novelty above provisions and the recent amendments to the BoI Regulations and Law 130, the new legislative framework has not yet been tested and thus possible uncertainties of interpretation may arise. Accordingly, there is a risk that certain changes may need to be reflected in the Programme (including the Terms and Conditions of the Covered Bonds) in order for it to continue to be compliant with the Covered Bond Regulations. Prospective investors should therefore inform themselves of the above legal changes, in addition to any other regulatory requirements applicable to their investment in the Covered Bonds.

Moreover, in the event of any change in the law and/or tax regulations and/or their official interpretations after the date hereof, the performance of the Covered Bonds and the ratings (if any) assigned to the Covered Bonds may be affected. In addition, it should be noted that regulatory requirements may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of any transaction described in this Base Prospectus or of any party and perspective investors under any applicable law or regulation, nor can any assurance be given as to whether any such changes could adversely affect the ability of the Issuer to meet its obligations in respect of the Covered Bonds or the Guarantor to meet its obligations under the Covered Bond Guarantee. Any such change could adversely impact the value of the Covered Bonds.

#### *Controls over the transaction*

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

#### *Priority of Payments*

Recent English insolvency and U.S. bankruptcy court rulings may restrain parties from making or receiving payments in accordance with the order of priority agreed between them.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses").

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent 2016 US Bankruptcy Court decision held that in certain circumstances flip clauses are protected under the US Bankruptcy Code and therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the US District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the US Court of Appeals for the Second Circuit. The implications of this conflicting remain unresolved.

If a creditor of the Guarantor (such as a Covered Bond Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales, and it is owed a payment by the Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Italian law governed Programme Documents. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy law. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Counterparty, including U.S. established entities and certain non-U.S. established entities with

assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). If a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Guarantor to satisfy its obligations under the Covered Bonds.

Given the general relevance of the issues under discussion in the judgments referred to above, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

## **2. Risks related to the structure of a particular issue of Covered Bonds**

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

### *Covered Bonds subject to optional redemption by the Issuer*

If in the case of any particular Tranche of Covered Bonds the relevant Final Terms specifies that the Covered Bonds are redeemable at the Issuer's option pursuant to Condition 7(d) (*Redemption at the option of the Issuer*) the Issuer may choose to redeem the Covered Bonds at times when prevailing interest rates may be relatively low.

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

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

### *Redemption for tax reasons*

In the event that the Issuer would be obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of any first Tranche of the Covered Bonds, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all outstanding Covered Bonds in accordance with the Condition 7(c) (*Redemption for tax reasons*).

In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Covered Bonds.

### *Fixed/Floating Rate Covered Bonds*

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis and any conversion of the interest basis may affect the secondary market and the market value of such Covered Bonds as the change of the interest basis may result in a lower interest result for Covered Bondholders. Where the Covered Bonds convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. Where the Covered Bond convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Covered Bonds and could affect the market value of an investment in the relevant Covered Bonds.

#### *Interest rate risks*

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

#### *Floating rate risks*

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

#### *Covered Bonds issued at a substantial discount or premium*

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

#### *Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future*

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

Regulation (EU) No. 2016/1011, as amended (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and it, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed). The Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of

administrators that are not authorised by the Financial Conduct Authority (“FCA”) or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Covered Bonds linked to EURIBOR or another benchmark rate or index, including any of the following: (i) an index which is a benchmark could not be used as such if its administrator does not obtain appropriate EU authorisations or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular benchmark and the applicable terms of the Covered Bonds, the Covered Bonds could be delisted (if listed), adjusted, redeemed or otherwise impacted; and (ii) if the methodology or other terms of the benchmark related to a series of Covered Bonds are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the relevant benchmark and could lead to adjustments to the terms of the Covered Bonds, including determination by the Calculation Agent of the rate or level in its discretion.

More broadly, any of the international, national or other proposals for reform, 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 effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 6(j) (Benchmark Replacement)), or result in adverse consequences to holders of any Covered Bonds linked to such benchmark (including Floating Rate Covered Bonds whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Covered Bonds, the return on the relevant Notes and the trading market for securities (including the Covered Bonds) based on the same benchmark.

It is not possible to predict with certainty whether, and to what extent, EURIBOR will continue to be supported going forwards. This may cause EURIBOR to perform differently than it has done in the past and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from

continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bond linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The "*Terms and Conditions of the Covered Bonds*" set out below provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Covered Bonds. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a reference bond rate, a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular CB Interest Period may result in the rate of interest for the last preceding CB Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Covered Bonds. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Covered Bonds. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Covered Bonds.

*Covered Bonds issued with a specific use of proceeds, such as to finance or refinance, in whole or in part, Eligible Green Projects may not be a suitable investment for all investors seeking exposure to green assets*

If so specified in the applicable Final Terms, the Issuer may issue Covered Bonds under the Programme for projects that promote eco-friendly and other environmental ("green") purposes ("**Green Covered Bonds**" and "**Eligible Green Projects**") in accordance with the Issuer's Green Bond Framework for the issuance of Green Covered Bonds based on principles and guidelines stated in the Green Bond Principles (GBP) 2021 version, as administered by the International Capital Market Association ("ICMA").

In such case, prospective investors should consider the information contained in the section "*Use of Proceeds*" and in the applicable Final Terms and must determine for themselves the relevance of such information for the purpose of any investment in the Covered Bonds together with any other investigation such investors deem necessary, and must assess the suitability of such investment in light of their own circumstances.

It should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, respectively "green" project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent



label. No assurance can be given that green projects will meet investor expectations or requirements regarding such "green" or similar labels (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, the proposed European Green Bond Regulation, SFDR, and any implementing legislation and guidelines, or any similar legislation in the United Kingdom) or any requirements of such labels as they may evolve from time to time.

A basis for the determination of the definitions of "green" and "sustainable" has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Sustainable Finance Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**") and the final social taxonomy report on transition activities for the EU Sustainable Finance Taxonomy, which was published by the Platform on Sustainable Finance on 28 February 2022. On 21 April 2021, the European Commission adopted the EU Taxonomy Climate Delegated Act, introducing a first set of technical screening criteria to be used to define which activities contribute to the following environmental objectives under the EU Sustainable Finance Taxonomy: climate change adaptation and climate change mitigation (the "**Taxonomy Climate Delegated Act**"). The Taxonomy Climate Delegated Act entered into force on 1 January 2022. On March 2022, the EU Commission adopted the EU taxonomy Complementary Climate Delegated Act, including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU Taxonomy Regulation. The Act was published in the Official Journal on 15 July 2022 and it is applicable since January 2023.

Furthermore, on 6 April 2022, the European Commission adopted the Regulatory Technical Standards (RTS) to Regulation (EU) 2019/2088 (the "**Sustainable Finance Disclosure Regulation**" or "**SFRD**") which came into force in January 2023.

Any further delegated act adopted by the EU Commission to implement the Sustainable Finance Taxonomy Regulation or the Sustainable Finance Disclosure Regulation may result in a regular review of the relating screening criteria, with changes to the scope of activities and other amendments to reflect technological progress.

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

Any Green Covered Bonds issued under the Programme may not be compliant with the proposed European Green Bond Regulation and are only intended to comply with the requirements and processes in the Issuer's Green Bond Framework. It is not clear if the establishment of a European Green Bond label and the optional disclosures regime for bonds issued as "environmentally

sustainable" under the proposed European Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds for bonds that do not comply with the requirements of the EuGB label or the optional disclosures regime, such as the Green Covered Bonds issued under this Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Green Covered Bonds issued under this Programme that do not comply with those standards proposed under the European Green Bond Regulation.

No assurance can be given that any adverse green and/or other impacts will not occur during the implementation of any green project. The Issuer's Green Bond Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Issuer's Green Bond Framework does not form part of, nor is incorporated by reference, in this Base Prospectus.

With reference to any Covered Bonds in respect of which the applicable Final Terms state that the proceeds will be used to finance or refinance, in whole or in part, Eligible Green Projects, while it is the intention of the Issuer to allocate the amount equal to the net proceeds of any such Covered Bonds in, or substantially in, such a manner described in the applicable Final Terms, there can be no assurance that the relevant Eligible Green Projects will be available or capable of being implemented in, or substantially in, such manner and/or in accordance with any scheduled timeframe. In addition, there can be no assurance that any such Eligible Green Projects will be completed as expected or achieve the results or outcome as originally expected or anticipated by the Issuer.

An amount equal to the net proceeds of the issue of any Green Covered Bonds which, from time to time, are not allocated as funding for green projects are intended to be held pending allocation, and will be used to finance and refinance Eligible Green Loans (as defined in Section *Use of Proceeds* of this Base Prospectus). Furthermore, under the Issuer's Green Bond Framework is provided that in case of Eligible Green Loans exceeding the total nominal value of the issue of any Green Covered Bonds, such Eligible Green Loans will be held in the Cover Pool until maturity. On a semi-annual basis, the assets are monitored to ensure the timely replacement of any loan which ceases to be an Eligible Green Loan, it is matured, repaid or, for any reason, no more satisfying the selection criteria. For the avoidance of doubt, neither the proceeds of any Green Covered Bonds nor any amount equal to such proceeds will be segregated by the Issuer from its capital and other assets and payments of principal and interest (as the case may be) on the relevant Green Covered Bonds shall not depend on the performance of the relevant project nor have any preferred right against such assets.

Any failure to issuance or withdrawal of any opinion or certification or any opinion or certification attesting that the Issuer is not complying, in whole or in part, with any matters for which such opinion or certification is opining or certifying on (as described below) and/or any Covered Bonds no longer being listed or admitted to trading on any stock exchange or securities market (as described below) and/or the failure of the Covered Bonds issued as Green Covered Bonds to meet investors' expectations requirements regarding any "green" or similar labels, will not constitute an event of default under the Covered Bonds.

Any such event or failure may have a material adverse effect on the value of such Covered Bonds and also potentially the value of any other Covered Bonds which are intended to finance or refinance Eligible Green Projects, and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

*No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Green Covered Bonds*

In connection with the issue of Green Covered Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue a second-party opinion as to the suitability or reliability for any purpose whatsoever of any external reviews (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Covered Bonds and, in particular, with any Eligible Green Projects, to fulfil any environmental, green and/or sustainability criteria (any such second-party opinion, a "**Second-party Opinion**"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, or additional risk factors discussed above and other factors that may affect the value of the Covered Bonds or the projects financed or refinanced towards an amount corresponding to the net proceeds of the relevant issue of Green Covered Bonds. A Second-party Opinion would not constitute a recommendation to buy, sell or hold the relevant Green Covered Bonds and would only be current as of the date it is released. A withdrawal of the Second-party Opinion may affect the value of such Green Covered Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or social or sustainable assets. The criteria and/or considerations that form the basis of any Second-party Opinion and any other such opinion or certification may change at any time and such Second-party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Any withdrawal of any such opinion or certification may have a material adverse effect on the value of such Green Covered Bonds in respect of which such opinion or certification is given and/or result in adverse consequences for certain investors with portfolio mandates to invest in green or social or sustainable assets. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

*No assurance that Green Covered Bonds will be admitted to trading on any dedicated "green" (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained*

In the event that any Green Covered Bonds are listed or admitted to trading on any dedicated "green", "social", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any applicable laws or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular, with regard to any direct or indirect environmental impact of a relevant Eligible Green Project. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Covered Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Covered Bonds.

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

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation. Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Issuer or, as the case may be, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be. The Issuer shall be obliged to pay any additional amounts pursuant to Condition 9 (*Taxation*) subject to customary exceptions including Decree No.

239 withholdings. Neither the Issuer nor the Guarantor shall be obliged to pay any additional amounts to the Covered Bondholders in relation to withholdings or deductions on payments made by the Guarantor.

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident Guarantor under the Guarantee. For further details see the section entitled "*Taxation*".

#### *European Covered Bond (premium) Label*

The Covered Bonds to be issued under this Base Prospectus are intended to be labelled as "European Covered Bond (premium)", as set out in Article 7-*viciesbis* of Title I-bis of Law 130, provided that the Covered Bonds are in compliance with Law 130, the BoI Regulations and Article 129 of the CRR. Given that the labelling of the Covered Bonds as "European Covered Bond (premium)" depends on the fulfilment of legal requirements under Law 130, the BoI Regulations and Article 129 of the CRR, investors should consider, amongst other things, any regulatory impacts when deciding whether or not to purchase any Covered Bonds and assess autonomously the compliance of the Covered Bonds with the applicable regulatory framework.

No assurance or representation is given as to the assets that comprise the Cover Pool (including, without limitation, whether such assets comply with Article 129(1) of the CRR) nor as to any label assigned to any Series of Covered Bonds (including, without limitation, where such Covered Bonds are labelled as "European Covered Bond (premium)". Furthermore, no assurance is given whether Covered Bonds labelled as European Covered Bond (premium) will continue to maintain such label even after their issuance.

### **3. Risks related to the underlying**

#### *Integration limits set forth under Law 130 and article 129 of the CRR*

The integration of the Cover Pool, whether through Eligible Assets and/or Integration Assets and/or through Liquid Assets, shall be carried out in accordance with the methods, and subject to the limits, set out in the Law 130, the BoI Regulations and the article 129 of the CRR.

More specifically, integration is allowed exclusively for the purpose of (a) complying with the tests provided for under the article 7-*undecies* of Law 130; (b) complying with the liquidity buffer requirements provided for under the article 7-*duodecies* of Law 130; (c) complying with statutory overcollateralization requirements provided for under the article 129, paragraph 3a, of the CRR; (d) complying with any contractual overcollateralization requirements agreed by the parties to the relevant agreements or (e) complying with the exposure limit set forth under article 129, paragraph 1, letters (a), (b), (c) and (d) of the CRR.

Investors should note that integration is not allowed in circumstances other than as set out in Law 130, the BoI Regulations and the article 129 of the CRR and specified above.

#### *Limited description of the Cover Pool*

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

- the Seller selling further Mortgage Loans (or types of loans, which are of a type that have not previously been comprised in the relevant Portfolio transferred to the Guarantor); and
- the Seller repurchasing Mortgage Loans in accordance with the Master Transfer Agreement.

However, each Mortgage Loan will be required to meet the Eligibility Criteria (see "*Description of the Cover Pool — Eligibility Criteria*") and will be subject to the representations and warranties set out in the Warranty and Indemnity Agreement – see "*Overview of the Programme Documents – Warranty and Indemnity Agreement*". In addition, the Nominal Value Test is intended to ensure that the aggregate Outstanding Principal Balance of the Cover Pool eligible for the Statutory Test is at least equal to the Outstanding Principal Amount of the Covered Bonds for so long as Covered Bonds remain outstanding and the Test Calculation Agent will provide monthly reports that will set out, *inter alia*, certain information in relation to the Statutory Tests.

*Sale of Eligible Assets, Integration Assets and/Liquid Assets following the occurrence of an Issuer Event of Default*

If a Notice to Pay is served on the Issuer and the Guarantor, but prior to the service of an Acceleration Notice, the Guarantor (also through the Servicer, pursuant the Servicing Agreement) will sell, refinance or otherwise liquidate the Eligible Assets, Integration Assets and Liquid Assets included in the Cover Pool (selected on a random basis)(the “**Selected Assets**”) in order to make payments to the Guarantor's creditors including making payments under the Covered Bond Guarantee, subject to the rights of pre-emption in favour of the Issuer to buy such Eligible Assets and, if applicable, Integration Assets and Liquid Assets pursuant to the Master Transfer Agreement. For further information, please see section headed "*Overview of the Programme Documents*" – "*Cover Pool Administration Agreement*".

There is no guarantee that a buyer will be found to acquire Selected Assets at the times required and there can be no guarantee or assurance as to the price which can be obtained for such Selected Assets, which may affect payments under the Covered Bond Guarantee. However, the Selected Assets may not be sold by the Guarantor for less than an amount equal to the Required Outstanding Principal Balance Amount for the relevant Series of Covered Bonds until six months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date under the Covered Bond Guarantee in respect of such Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, if the Guarantor does not have sufficient other funds standing to the credit of the Collection Account, the Payment Account and the Reserve Account available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then it is obliged through the Portfolio Manager to sell the Selected Assets for the best price reasonably available notwithstanding that such price may be less than the Required Outstanding Principal Balance Amount.

*Realisation of assets following the occurrence of a Guarantor Event of Default*

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

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

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

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

- default by Debtors of amounts due on their Mortgage Loans;
- changes to the lending criteria of the Seller;
- set-off risks in relation to some types of Mortgage Loans in the Cover Pool;
- limited recourse to the Guarantor;
- possible regulatory changes by the Bank of Italy, CONSOB or other regulatory authorities; and
- regulations in Italy that could lead to some terms of the Mortgage Loans being unenforceable.

Each of these factors is considered in more detail below. However, it should be noted that the Tests, the Liquidity Buffer Target Amount, the Minimum OC Requirement and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Eligible Assets, Integration Assets and/or Liquid Assets in the Cover Pool and moneys standing to the credit of the Accounts to enable the Guarantor to repay the Covered Bonds following an Issuer Event of Default, service of a Notice to Pay on the Issuer and on the Guarantor and accordingly it is expected (although there is no assurance) that Eligible Assets, Integration Assets and Liquid Assets could be realised for sufficient prices to enable the Guarantor to meet its obligations under the Covered Bond Guarantee.

*Default by Debtors in paying amounts due on their Mortgage Loans*

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

Investors should be aware that the abovementioned circumstances may have a negative impact on the future cashflows of the Issuer and on its ability to pay interest and principal of the Covered Bonds.

*Set-off risks*

The assignment of receivables under the Law 130 is governed by article 58, paragraph 2, 3 and 4, of the Banking Law. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*La Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the local

Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Covered Bond Guarantee.

Moreover, Law Decree no. 145 of 23 December 2013 ("**Destinazione Italia Decree**") introduced certain amendments to article 4 of the Law 130. As a consequence of such amendments, it is expressly provided by Law 130 that the Debtors cannot exercise rights of set-off against the Guarantor on claims arising vis-à-vis the Seller after the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*).

#### *Changes to the lending criteria of the Seller*

Each of the Mortgage Loans originated by the Seller will have been originated in accordance with its lending criteria at the time of origination. It is expected that the Seller's lending criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Loans to the Guarantor, the Seller will warrant that such Mortgage Loans were originated in accordance with the Seller's lending criteria applicable at the time of origination. The Seller retains the right to revise its lending criteria from time to time subject to the terms of the Master Transfer Agreement. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Debtors and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Covered Bond Guarantee. However, it should be noted that Defaulted Receivables (including any unsecured loans in respect of which a default pursuant to article 178 of the CRR has occurred) in the Cover Pool will be given a reduced weighting for the purposes of the calculation of the Statutory Tests and the Amortisation Test.

#### *Debtors may become subject to a debt restructuring arrangement or a court-supervised liquidation in accordance with the Italian Insolvency Code*

The Italian Insolvency Code provides for special composition procedures for situations of overindebtedness (*procedura di composizione della crisi da sovraindebitamento*), and for a special court-supervised liquidation for situations of over-indebtedness (*liquidazione controllata del sovraindebitamento*), which apply to (i) consumers, professionals, small enterprises who/which are in a situation of crisis or insolvency, and (ii) any other debtor which cannot be subject to judicial liquidation (*liquidazione giudiziale*) or any other liquidation procedure under Italian law applicable for situations of crisis (*crisi*) or insolvency (*insolvenza*).

Over-indebtedness occurs either in a situation of crisis or in a situation of insolvency. Crisis is the condition that makes insolvency likely to happen, and it occurs when the perspective cash flow shows that the debtor will become unable to pay its debts as they fall due within the subsequent 12 months; insolvency is the inability to repay debts as they fall due.

Should any Debtor enter into such debt restructuring agreement (be it with the Issuer or with any other of its creditors), the Guarantor could be subject to the risk of having the payments due by the relevant debtor suspended for up one year.

#### *Mortgage borrower protection*

Certain legislation enacted in Italy has given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including, inter alia, and as better regulated under the relevant applicable laws and regulations, (i) the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, as applicable, at a reduced penalty rate, (ii) the right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan, (iii) the right of first home-owners to suspend instalment payments under mortgage loans up to a maximum of two times and for a maximum aggregate period of 18 months, (iv) the right to suspend the payment of principal instalments relating to mortgage loans for a 12 months period, (v) the automatic suspension of instalment payments of mortgages and loans, up to certain periods, to residents, both individuals and businesses, in certain municipalities affected by environmental disasters and listed in the relevant laws and regulations.

In addition to the above, following the COVID-19 outbreak in Italy, further measures have been adopted, aimed at sustaining income of employees, the self-employed, self-employed professionals, micro and small/medium enterprises, including suspension of instalments payment.

The consequence of the above is that a material part of the Portfolio could be subject to suspension of payments, as consequence of which the Issuer may envisage certain negative impacts, which may not be predicted as at the date of this Base Prospectus, including negative cash shortfalls which could affect the ability of the issuer to pay timely interest on the Covered Bonds and/or increase in the activities necessary for the servicing of the Portfolio.

#### *Renegotiations of floating rate Mortgage Loans*

Law Decree No. 93 of 27 May 2008 (“**Law Decree 93**”), converted into law No. 126 of 24 July 2008 (“**Law 126**”) which came into force on 29 May 2008, regulates the renegotiation of floating rate mortgage loans granted for the purposes of purchasing, building or refurbishing real estate assets used as main houses.

According to Law 126, the *Ministero dell’Economia e delle Finanze* (Minister of Economy and Finance) and the ABI entered into a convention providing for the procedures for the renegotiation of such floating rate mortgage loans (the “**Convention**”).

The Convention applies to floating rate mortgage loan agreements entered into or taken over (*accolati*), also further to the parcelling (*frazionamento*) of the relevant mortgages, before 29 May 2008. Pursuant to the Convention, the instalments payable by a borrower under any of such mortgage loan agreements will be recalculated applying (a) a fixed interest rate (equal to the average of the floating rate interest rates applied under the relevant mortgage loan agreement during 2006) on the initial principal amount and for the original final maturity date of the relevant mortgage loan, or (b) if the mortgage loan has been entered into, renegotiated or taken over (*accolato*) after 31 December 2006, the parameters used for the calculation of the first instalment due after the date on which the mortgage loan has been entered into, renegotiated or taken over (*accolato*). The difference between the amount to be paid by the borrower as a result of such recalculation and the amount that the borrower would have paid on the basis of the original instalment plan will be (a) if negative, debited to a bank account on which interest will accrue in favour of the lender at the lower of (i) the rate equal to 10 (ten) IRS (interest rate swap) plus a spread of 0.50, and (ii) the rate applicable pursuant to the relevant mortgage loan, each of them calculated, in a fixed amount, on the renegotiation date, or (b) if positive, credited to such bank account. After the original final maturity date of the mortgage loan, the outstanding debt on the bank account will be repaid by the borrower through constant instalments equal to the ones resulting from the renegotiation, and the amortisation plan will be determined on the basis of the lower of (a) the rate applicable on the bank account, and (ii) the rate



applicable pursuant to the relevant mortgage loan, as calculated, in a fixed amount, on the original final maturity date of the mortgage loan.

The legislation referred to in each subparagraph under section “*Mortgage borrower protection*” above constitutes an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the over-collateralisation required. However, as this legislation is relatively new, as at the date of this Base Prospectus, the Issuer is not in a position to predict its impact.

#### *Mortgage Credit Directive*

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (the “**Mortgage Credit Directive**”) setting out a common framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property.

In Italy the Government has approved the Legislative Decree no. 72 of 21 April 2016, implementing the Mortgage Credit Directive and published on the Official Gazette of the Republic of Italy on 20 May 2016 (the “**Mortgage Legislative Decree**”).

The Mortgage Legislative Decree clarifies that the new legal framework shall apply, inter alia, to (i) residential mortgage loans and (ii) loans relating to the purchase or preservation of the property rights on a residential immovable.

Moreover such decree sets forth certain rules of correctness, diligence and transparency and information undertakings applicable to the lenders and intermediaries which offer loans to the consumers and provides that without prejudice to article 2744 of Italian civil code, the parties may expressly agree in a specific clause at the closing of a loan agreements that in case of breach of the borrower’s payment obligations under the agreement (i.e. non- payment of an amount equal to eighteen loan instalments due and payable by the debtor) the transfer or the sale of the mortgaged assets has as a consequence that the entire debt is settled even if the value of the assets or the proceeds deriving from the sale of the assets is lower than the remaining amount due by the debtor in relation to the loan. Otherwise if the estimated value of the assets or the proceeds deriving from the sale of the assets is higher than the remaining amount due by the debtor, the excess amount shall be returned to the consumer. According to the Mortgage Legislative Decree the Bank of Italy and the Ministry of Economy and Finance shall enact implementing provisions of such decree. In this respect, on 30 September 2016, the Bank of Italy has amended the supervisory regulations on transparency and correctness in the relationships between intermediaries and clients (*disposizioni di vigilanza in materia di trasparenza delle operazioni e dei servizi bancari e finanziari; correttezza delle relazioni tra intermediari e clienti*) of 29 July 2009, as subsequently amended, in order to implement the transparency provisions of laid down by the Mortgage Credit Directive and by the Mortgage Credit Legislative Decree, while on January 2018 the Ministry of Economy and Finance has submitted to public consultation the draft of the Interministerial Decree implementing the Mortgage Legislative Decree. The final version of the Interministerial Decree has not yet been published. Therefore, as at the date of this Base Prospectus, the Issuer is not in a position to fully predict its impact.

Therefore, no assurance can be given that the implementation of the Mortgage Legislative Decree will not adversely affect the ability of the Guarantor to make payments under the Covered Bond Guarantee.

### **Risks related to the Guarantor and the Guarantee**

#### *Guarantor only obliged to pay Guaranteed Amounts when they are due for payment*

Following service of a Notice to Pay on the Issuer and the Guarantor, under the terms of the Covered Bond Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are due for payment on each CB Payment Date, *provided that*, in the case of any amounts representing the Final Redemption Amount due and remaining unpaid as at the original Maturity Date, the Guarantor may pay such amounts on any CB Payment Date thereafter, up to (and including) the Extended Maturity Date and in the case of Covered Bonds whose principal is payable in instalments, the Guarantor may defer such instalments for a period of one year until the relevant Extended Instalment Date. Such Guaranteed Amounts will be paid subject to and in accordance with the Post-Issuer Event of Default Priority of Payments or the Post-Guarantor Event of Default Priority of Payments. In these circumstances the Guarantor will not be obliged to pay any other amounts in respect of the Covered Bonds which become payable for any other reason.

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

#### *Limited resources available to the Guarantor*

Following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Covered Bondholders pursuant to the Covered Bond Guarantee. The Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the amount of interest and principal generated by the Portfolio and/or the Eligible Investments and the timing thereof and (b) amounts received from any Covered Bond Swap Counterparty. The Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Guarantor Event of Default occurs and the Covered Bond Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the Covered Bondholders. If, following enforcement and realisation of the assets in the Cover Pool, creditors have not received the full amount due to them pursuant to the terms of the Programme Documents, then they may still have an unsecured claim against the Issuer for the shortfall.

There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

#### *Reliance of the Guarantor on third parties*

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Servicer has been appointed to service Portfolios sold to the Guarantor and the Test Calculation Agent has been appointed to calculate and monitor compliance with the Statutory Tests, the Liquidity Buffer Target Amount, the Exposure Limit, the Asset Coverage Test, the Amortisation Test and the Minimum OC Requirement in accordance with the Cover Pool Management Agreement. In the event that any of these parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Cover Pool or any part thereof or pending such realisation (if the Cover Pool or any part thereof cannot be sold) the ability of the Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed to administer the Mortgage Loans adequately, this may lead to higher incidences of non-payment or default by Debtors. The Guarantor is also reliant on the Covered Bond Swap Counterparty to provide it with the funds matching its obligations under the Covered Bond Guarantee, as described in the following two investment considerations.

If a Servicer Termination Event occurs pursuant to the terms of the Servicing Agreement, then the Guarantor and/or the Representative of the Covered Bondholders will be entitled to terminate the appointment of the Servicer and appoint, with the assistance of the Back-Up Servicer Facilitator, a Substitute Servicer in its place subject to the notification provided for under Article 7-bis, paragraph 4, of the Securitisation and Covered Bonds Law, in case of transfer of receivables towards public entities. There can be no assurance that a Substitute Servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on the terms of the Servicing Agreement. The ability of Substitute Servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a Substitute Servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Covered Bond Guarantee.

The Servicer does not have any obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

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

#### *Reliance on Covered Bond Swap Counterparty*

To hedge against possible variations in the performance of the indexations in the Portfolio and EURIBOR with a certain designated maturity, the Guarantor may enter into one or more Swap Agreement with one or more Covered Bond Swap Counterparty.

If the Guarantor fails to make timely payments of amounts due under any Swap Agreement that may be entered into, then it will (unless otherwise stated in the relevant Swap Agreement) have defaulted under that Swap Agreement. A Covered Bond Swap Counterparty, unless otherwise stated in the relevant Swap Agreement, is only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement.

In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Covered Bond Swap Counterparty may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor. Any amounts not paid by the Guarantor to a Covered Bond Swap Counterparty may in

such circumstances incur additional amounts of interest by the Guarantor, which would rank senior to the amounts due on the Covered Bonds.

If the Covered Bond Swap Counterparty is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Guarantor on the payment date under the Swap Agreement, the Guarantor may be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest. In addition, subject to the then current ratings of the Covered Bonds not being adversely affected, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to make payments under the Covered Bonds or the Covered Bond Guarantee.

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Covered Bond Swap Counterparty. There can be no assurance that the Guarantor will have sufficient funds available to make such termination payment, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequately rated counterparty. In addition the Swap Agreement may provide that notwithstanding the downgrading of a Swap Agreement and the failure by such Swap Agreement to take the remedial action set out in the relevant Swap Agreement, the Guarantor may not terminate the Swap Agreement until a replacement swap provider has been found. There can be no assurance that the Guarantor will be able to enter into a replacement swap agreement with a replacement swap counterparty with the required ratings.

If the Guarantor is obliged to pay a termination payment under any Swap Agreement, such termination payment will, following the service of a Notice to Pay, rank *pari passu* and *pro rata* with amounts due to Covered Bondholders under the Covered Bond Guarantee.

Following the service of a Notice to Pay, payments by the Guarantor under the Swap Agreement, including any termination payment due and payable by the Guarantor except where the relevant Covered Bond Swap Counterparty is the Defaulting Party or the Sole Affected Party, will rank *pari passu* and *pro rata* to amounts due on the Covered Bonds under the Covered Bond Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet their respective obligations under the Covered Bonds or the Covered Bond Guarantee.

#### *No gross up on withholding tax*

In respect of payments made by the Guarantor under the Covered Bond Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay any additional amounts to Covered Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

#### *Extendible obligations under the Covered Bond Guarantee*

Upon failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their relevant Maturity Date (subject to applicable grace periods) and if payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds is not made in full by the Guarantor on or before the Extension Determination Date, then payment of such Guaranteed Amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an extended maturity date (the "**Extended Maturity Date**") to which the payment of all or (as

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

To the extent that the Guarantor has received a Notice to Pay in sufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series of Covered Bonds, the Guarantor shall make partial payment of the relevant Final Redemption Amount in accordance with the Post-Issuer Event of Default Priority of Payments and as described in Conditions 7(b) (*Extension of maturity*) and 10(b) (*Effect of a Notice to Pay*). Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any CB Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 7(b) (*Extension of maturity*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each CB Payment Date and on the Extended Maturity Date. In these circumstances, failure by the Issuer to pay the Covered Bond Instalment Amount on its Covered Bond Instalment Date will (subject to any applicable grace period) be an Issuer Event of Default. Failure by the Guarantor to pay the deferred Covered Bond Instalment Amount on the related Extended Instalment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

The Issuer shall notify to the Bank of Italy the extension of maturity of the Covered Bonds pursuant to Condition 7(b) (*Extension of maturity*) within 10 (ten) calendar days from the occurrence thereof.

Similarly, in respect of Covered Bonds that may be redeemed in instalments, if an Extended Instalment Date is specified in the Final Terms and both (a) the Issuer on the Covered Bond Instalment Date and (b) the Guarantor on the relevant Instalment Extension Determination Date fail to pay a Covered Bond Instalment Amount, the requirement to pay such Covered Bond Instalment Amount and all subsequently due and payable Covered Bond Instalment Amounts shall be deferred by one year until their Extended Instalment Dates.

Each Covered Bond Instalment Amount may be deferred when due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Extended Maturity Date for the relevant Series.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### **4. Risks related to the market generally**

##### *Limited secondary market*

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfers thereof as set forth under section entitled "*Subscription and Sale*". If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. In addition, Covered Bonds issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Covered Bonds may be adversely affected. In an illiquid market, an investor might not be able to sell its Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds might additionally be restricted by country specific reasons.

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

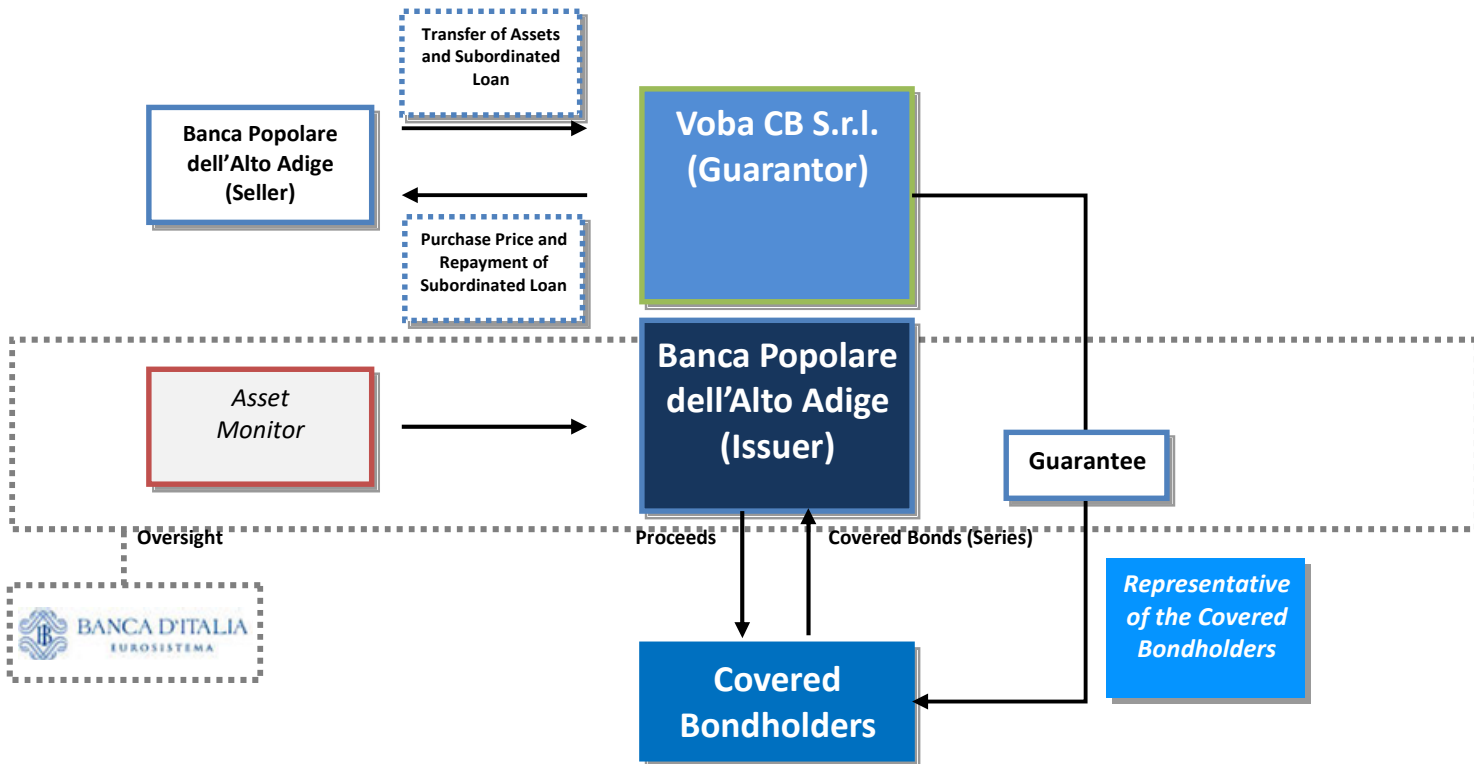
*Legal investment considerations may restrict certain investments*

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

## OVERVIEW OF THE PROGRAMME

*This section constitutes an overview of the structure relating to 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 Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this overview.*

### Structure Diagram





## INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents, which has been previously published or are published simultaneously with this Base Prospectus and which have been or are filed with the CSSF and that shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the English language version of the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2021, together with the accompanying notes and auditors' report (available at the following link: [https://www.volksbank.it/documents/20147/0/Bilancio+Banca+Popolare+VolksBank+03-22\\_EN.pdf/cf3ef258-9ccf-2adf-3e91-4ab00f90724c](https://www.volksbank.it/documents/20147/0/Bilancio+Banca+Popolare+VolksBank+03-22_EN.pdf/cf3ef258-9ccf-2adf-3e91-4ab00f90724c));
- (b) the English language version of the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2022, together with the accompanying notes and auditors' report (available at the following link: <https://www.volksbank.it/documents/20147/294152/Financial+report+2022.pdf/d23117b3-3c9c-6a57-1b30-e5cb8ac191b7>);
- (c) the English language version of the non-consolidated half-year financial statements of the Issuer and the relevant review report as at and for the six months ended on 30 June 2023 (available at the following link: [https://www.volksbank.it/documents/20147/0/RelazioneFinSem\\_202306\\_v11.pdf](https://www.volksbank.it/documents/20147/0/RelazioneFinSem_202306_v11.pdf));
- (d) the English language version of the audited annual financial statements of the Guarantor as at and for the year ended 31 December 2022 (available at the following link: [https://www.volksbank.it/documents/20147/0/VobaCB\\_Financial\\_Statements\\_2022+%282%29.pdf/3f7813e3-6292-f5fc-77af-62c2f1613f23](https://www.volksbank.it/documents/20147/0/VobaCB_Financial_Statements_2022+%282%29.pdf/3f7813e3-6292-f5fc-77af-62c2f1613f23));
- (e) the English language version of the audited annual financial statements of the Guarantor as at and for the year ended 31 December 2021 (available at the following link: [https://www.volksbank.it/documents/20147/0/VobaCB\\_Financial\\_Statements\\_2021.pdf/d47ad468-d675-222d-466e-f51372c198a3](https://www.volksbank.it/documents/20147/0/VobaCB_Financial_Statements_2021.pdf/d47ad468-d675-222d-466e-f51372c198a3)).

The table below sets out the relevant page references for, *inter alia* (i) the notes, the balance sheet, the income statement and the accounting policies relating to the condensed interim non-consolidated financial statements of the Issuer as at and for six months ended 30 June 2023; (ii) the notes, the balance sheet, the income statement, the auditor's report and the accounting policies relating to the non-consolidated financial statements of the Issuer for the years ended on and as at 31 December 2021 and 2022; and (iii) the balance sheet, the income statement, the auditor's report and the accounting policies relating to the audited financial statements of the Guarantor for the years ended on and as at 31 December 2021 and 2022.

The audited non-consolidated financial statements referred to above, together with the audit reports thereon, are available both in the original in Italian language and in English language. The English language versions represent a direct translation from the Italian language documents. The Issuer and the Guarantor are responsible for the English translations of the financial reports incorporated by reference in this Base Prospectus as applicable and declare that such is an accurate and not misleading translation in all material respects of the Italian language version of the Issuer's and Guarantor's financial reports.

This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (<https://www.luxse.com/>).

### Cross-reference List

The following table shows, *inter alia*, the information required under Annex 7 of Commission Delegated Regulation (EU) No. 980/2019 that can be found in the above-mentioned documents incorporated by reference into this Base Prospectus.

### Issuer's Reports and Accounts

#### Audited Annual Financial Statements

	2022	2021
<i>Non-consolidated</i>	<i>(pdf document page numbers)</i>	<i>(pdf document page numbers)</i>
Balance sheet	115	125
Statement of income	116	126
Statement of changes in equity	118	128
Cash flow statement	119	129
Accounting policies and explanatory notes	123 - 161	133 - 184
Independent Auditors' report	105 - 110	115 - 121

#### Unaudited interim condensed financial statement of the Issuer as at and for the six months ended on 30 June 2023

	30 June 2023
<i>Non-consolidated</i>	<i>(pdf document page numbers)</i>
Balance sheet	39
Statement of income	40
Statement of changes in equity	42
Cash flow statement	44
Accounting policies and explanatory notes	45 - 84
Independent Auditors' report	113 - 114

### Guarantor's Reports and Accounts

#### Audited annual Financial Statements

	2022	2021
	<i>(pdf document page numbers)</i>	<i>(pdf document page numbers)</i>
Balance sheet	2	2
Income statement	3 - 5	3

Notes to financial statements	5 - 26	5 - 20
Independent Auditors' report	27 - 29	21 - 24

Pursuant to Article 19(1) of Regulation (EU) 2017/1129, the information not listed in the cross-reference list above are not incorporated by reference and are either not relevant for investors or covered elsewhere in this Base Prospectus.

Any document which is incorporated by reference into any of the documents incorporated in, and form part of, the Base Prospectus, shall not constitute a part of the Base Prospectus. For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus may be inspected, free of charge, at Issuer's website (<https://www.volksbank.it/it/investor-relations>).

### **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Covered Bonds to trading on the regulated market or on the Professional Segment of the regulated market of the Luxembourg Stock Exchange, shall constitute a prospectus supplement as required by Article 23 of the Prospectus Regulation.

Without prejudice to its statutory obligations, the Issuer has undertaken, in connection with the listing of the Covered Bonds on the official list of the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "Terms and Conditions of the Covered Bonds", that is material in the context of issuance of Covered Bonds under the Programme, the Issuer will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus, for use in connection with any subsequent issue by the Issuer of Covered Bonds to be admitted to trading on the regulated market or on the Professional Segment of the regulated market of the Luxembourg Stock Exchange.

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions of the Covered Bonds (the "**Conditions**" and, each of them, a "**Condition**"). In these Conditions, references to the "**holder**" of Covered Bonds and to the "**Covered Bondholders**" are to the ultimate owners of the Covered Bonds. The Covered Bonds will be held by Monte Titoli (as defined below) on behalf of the Covered Bondholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear. The Covered Bonds will at all times be in book entry form and title to the bonds be evidenced by book entries with Monte Titoli in accordance with (i) the provisions of Article 83-bis et seq. of the Financial Law and the relevant implementing regulations and (ii) the regulation issued by the Bank of Italy and the Commissione Nazionale per le Società e la Borsa on 13 August 2018, as subsequently amended and supplemented.*

*The Covered Bondholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of Covered Bondholders attached to, and forming part of, these Conditions. In addition, the applicable Final Terms in relation to any Tranche of Covered Bonds may specify issue-specific details not known on the date of approval which shall, to the extent so specified or to the extent inconsistent with the Conditions, complete the Conditions for the purpose of such Tranche.*

### **1. Introduction**

#### *(a) Programme*

Banca Popolare dell'Alto Adige S.p.A. ("**BPAA**" or the "**Issuer**") has established a Covered Bond Programme (the "**Programme**") for the issuance of up to Euro 3,000,000,000 in aggregate principal amount of European covered bonds (*obbligazioni garantite europee*) (the "**Covered Bonds**") guaranteed by VOBA CB S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Law No. 130 of 30 April 1999, as amended and supplemented from time to time (the "**Law 130**"), article 129 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time ("**CRR**") and the supervisory guidelines of the Bank of Italy containing the "*Disposizioni di vigilanza per le banche*" relating to covered bonds (*Obbligazioni Bancarie Garantite*) set out in Part III, Chapter 3 of the Circolare No. 285 of 17 December 2013, as replaced, amended and supplemented from time to time (the "**BoI Regulations**").

#### *(b) Final Terms*

Covered Bonds are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Covered Bonds. Each Tranche is the subject of final terms (the "**Final Terms**") which complete these Conditions. The terms and conditions applicable to any particular Tranche of Covered Bonds are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

#### *(c) Covered Bond Guarantee*

Each Series of Covered Bonds is the subject of a guarantee dated 10 October 2019, as amended from time to time (the "**Covered Bond Guarantee**") entered into by the Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series issued under the Programme and to the Other Issuer Creditors. The Covered Bond

Guarantee will be collateralised by a cover pool constituted by certain assets assigned from time to time to the Guarantor pursuant to the Master Transfer Agreement (as defined below) and in accordance with the provisions of the Covered Bond Regulations (as defined below).

*(d) Programme Agreement and Subscription Agreement*

In respect of each Series or Tranche of Covered Bonds issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the Covered Bonds and pay the Issuer the issue price specified in the Final Terms for the Covered Bonds on the Issue Date under the terms of a programme agreement dated 10 October 2019, as amended and restated from time to time (the "**Programme Agreement**") between the Issuer, the Guarantor, the Seller, the Representative of the Covered Bondholders and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into between the Issuer, the Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Programme Agreement, the Dealers have appointed Banca Finanziaria Internazionale S.p.A. as representative of the Covered Bondholders (in such capacity, the "**Representative of the Covered Bondholders**"), as described in Condition 12 (*Representative of the Covered Bondholders*).

*(e) Master Definitions Agreement*

In a master definitions agreement dated 10 October 2019, as amended and restated from time to time (the "**Master Definitions Agreement**") between certain of the parties to each of the Programme Documents (as defined below), the definitions of certain terms used in the Programme Documents have been agreed.

*(f) The Covered Bonds*

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

*(g) Rules of the Organisation of the Covered Bondholders*

The Rules of the Organisation of the Covered Bondholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the "**Rules of the Organisation of the Covered Bondholders**" include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

*(h) Summaries*

Certain provisions of these Conditions are summaries of the Programme Documents and are subject to their detailed provisions. Covered Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Programme Documents and the Rules of the Organisation of the Covered Bondholders applicable to them. Copies of the Programme Documents are available for inspection by the Covered Bondholders during normal business hours at the registered office of the Representative of the Covered Bondholders from time to time and, where applicable, at the Specified Offices of the Issuer Paying Agent (as defined below).

## **2. Definitions and Interpretation**

(a) **Definitions**

Unless defined under Condition 1 (*Introduction*) above, in these Conditions the following expressions have the following meanings:

**“Acceleration Notice”** means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default.

**"Account Bank"** means BNP Paribas, Italian Branch, in its capacity as account bank, or any other depositary institution that may be appointed as such pursuant to the Cash Management and Agency Agreement.

**"Account Bank Report"** means the report to be prepared and delivered by the Account Bank to the Guarantor, the Seller, the Representative of the Covered Bondholders, the Servicer, the Issuer and the Guarantor Calculation Agent, in accordance with the Cash Management and Agency Agreement.

**“Account Bank Report Date”** means the date falling on the first Business Day of each month.

**"Accounts"** means, collectively, the Expense Account, the Collection Account, the Reserve Account, the Securities Account, the Guarantor Payments Account, the Collateral Cash Swap Account (if any), the Collateral Securities Swap Account (if any), the Liquidity Buffer Account (if any), the Liquidity Buffer Securities Account (if any) and any other account opened from time to time in connection with the Programme.

**"Additional Business Centre(s)"** means the city or cities specified as such in the relevant Final Terms.

**"Additional Financial Centre(s)"** means the city or cities specified as such in the relevant Final Terms.

**"Adjusted Outstanding Principal Balance"** has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Administration Agreement.

**“Agents”** means each of the Account Bank, the Cash Manager, the Guarantor Calculation Agent, the Test Calculation Agent, the Issuer Paying Agent, the Guarantor Paying Agent and the Corporate Servicer.

**“Amortisation Test”** means the test which will be carried out pursuant clause 3 (*Amortisation Test*) of the Cover Pool Administration Agreement in order to ensure, *inter alia*, that, on each Test Calculation Date following the delivery of a Notice to Pay (but prior to the service to the Guarantor of an Acceleration Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Test Calculation Date.

**“Amortisation Test Aggregate Loan Amount”** has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Administration Agreement.

**“Article 74 Event”** means, in respect of the Issuer, the issue of a resolution pursuant to Article 74 of the Banking Law.

**"Article 74 Event Cure Notice"** means the notice to be served by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor informing that an Article 74 Event has been revoked.

**“Asset Coverage Test”** has the meaning ascribed to such term in clause 2.2.4 (*Asset Coverage Test*) of the Cover Pool Administration Agreement.

**“Asset Monitor”** means BDO Italia S.p.A., acting in its capacity as asset monitor, or any other entity that may be appointed as such pursuant to the Asset Monitor Agreement, as amended and restated from time to time.

**“Asset Monitor Agreement”** means the asset monitor agreement entered into on or about the Initial Issue Date between, *inter alios*, the Asset Monitor and the Issuer, as amended and restated from time to time.

**“Available Funds”** means, collectively, (a) the Interest Available Funds, (b) the Principal Available Funds and (c) the Excess Proceeds provided that the Available Funds do not include the Swap Collateral.

**“Banking Law”** means Legislative Decree No. 385 of 1 September 1993, as amended and supplemented from time to time.

**"Bankruptcy Law"** means Royal Decree No. 267 of 16 March 1942 as amended from time to time.

**“Base Interest”** means the interest payable by the Guarantor to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement.

**"Base Prospectus" or “Prospectus”** means the base prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

**"Beneficiaries"** means the Covered Bondholders and the Other Issuer's Creditors as beneficiaries of the Covered Bond Guarantee.

**"BoI Regulations"** means the supervisory guidelines of the Bank of Italy containing the *"Disposizioni di vigilanza per le banche"* relating to covered bonds (*Obbligazioni Bancarie Garantite*) set out in Part III, Chapter 3 of the Circolare No. 285 of 17 December 2013, as replaced, amended and supplemented from time to time.

**“BPAA Group”** means jointly the banks and the other companies belonging from time to time to the Banca Popolare dell’Alto Adige S.p.A. banking group registered with the Bank of Italy pursuant to Article 64 of the Banking Law.

**“Business Day”** means any day on which the real time gross settlement system operated by the Eurosystem (T2) (or any successor thereto) is open.

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

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

- (iii) **"Preceding Business Day Convention"** means that the Relevant Date shall be brought back to the first preceding day that is a Business Day;
- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each Relevant Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the Relevant Date shall not be adjusted in accordance with any Business Day Convention;

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

**"Calculation Period"** means each Collection Period and, after the delivery of a Test Performance Report assessing that a breach of Test or the Liquidity Buffer Target Amount or the Minimum OC Requirement has occurred, each period beginning on (and including) the first day of the month and ending on (and including) the last day of the same calendar month until such time the relevant breach of Test or the Liquidity Buffer Target Amount or the Minimum OC Requirement has been cured or otherwise remedied in accordance with the Cover Pool Administration Agreement.

**"Cash, Management and Agency Agreement"** means the cash, management and agency agreement, entered into on 10 October 2019 between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Issuer Paying Agent, the Cash Manager, the Guarantor Paying Agent, the Guarantor Calculation Agent, the Test Calculation Agent and the Account Bank, as amended and restated from time to time.

**"Cash Manager"** means Banca Popolare dell'Alto Adige S.p.A., acting as cash manager pursuant to the Cash Management and Agency Agreement.

**"CB Interest Period"** means each period beginning on (and including) a CB Payment Date (or, in case of the first CB Interest Period, the Interest Commencement Date) and ending on (but excluding) the next CB Payment Date (or, in case of the last CB Interest Period, the Maturity Date).

**"CB Payment Date"** means any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:



- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first CB Payment Date) or the previous CB Payment Date (in any other case).

**"Civil Code"** means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942.

**"Clearstream"** means Clearstream Banking, société anonyme, Luxembourg.

**"Collateral Security"** means any security (including any loan mortgage insurance and excluding Mortgages) granted to the Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgage Loan Agreement or under the Relevant Public Entity Securities Documents.

**"Collection Account"** means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT 71 P 03479 01600 000802318400, or such other substitute account as may be opened in accordance with the Cash, Management and Agency Agreement.

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

**"Collection Period"** means each period from (but excluding) a Collection Date to (and including) the following Collection Date or, in respect of the first Collection Period, the period from (and including) the Valuation Date of the transfer of the Initial Portfolio to (and including) the Collection Date of December 2019.

**"Collections"** means all amounts received or recovered by the Servicer in respect of the Receivables and/or the Public Entity Securities comprised in the Cover Pool.

**"Commission Delegated Regulation No. 979/2019"** means the Commission Delegated Regulation (UE) No. 979/2019 of 14 March 2019, implementing the Prospectus Regulation, as supplemented and amended from time to time.

**"Commission Delegated Regulation No. 980/2019"** means the Commission Delegated Regulation (UE) No. 980/2019 of 14 March 2019, implementing the Prospectus Regulation, as supplemented and amended from time to time.

**"Conditions"** means this terms and conditions of the Covered Bonds and **"Condition"** means a clause of them.

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

**"Corporate Servicer"** means Banca Finanziaria Internazionale S.p.A., acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

**"Corporate Services Agreement"** means the corporate services agreement entered into on 10 October 2019, between the Guarantor and the Corporate Servicer, pursuant to which the Corporate Servicer will provide certain administration services to the Guarantor, as amended and restated from time to time.

**“Cover Pool”** means the cover pool constituted by, collectively, any Eligible Assets, Integration Assets and Liquid Assets held by the Guarantor in accordance with the provisions of the Law 130, as amended from time to time, and the BoI Regulations and the Article 129 of the CRR.

**“Cover Pool Administration Agreement”** means the cover pool administration agreement entered into on 10 October 2019 between, *inter alios*, the Issuer, the Guarantor, the Seller, the Guarantor Calculation Agent, the Test Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders, as amended and restated from time to time.

**“Covered Bonds”** means any and all the covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

**“Covered Bond Guarantee”** means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer to the Covered Bondholders and the Other Issuer’s Creditors, in accordance with the provisions of the Law 130, as amended from time to time, and the BoI Regulations.

**“Covered Bond Instalment Date”** means a date on which a principal instalment is due on a Series of Covered Bonds as specified in the relevant Final Terms.

**“Covered Bond Regulations”** means Law 130, the MEF Decree (until the Implementation Date), the BoI Regulations and Article 129 of CRR and any other applicable provision of CRR, as amended from time to time;

**“Covered Bond Swap Counterparty”** means any institution which agrees to act as covered bond swap counterparty to the Guarantor under any Swap Agreement or other hedging agreements, if any, aimed at hedging certain interest rate risks and/or, if applicable, currency exposures in relation to the Guarantor’s obligations under the Covered Bonds, that may be entered into between the Guarantor and the relevant Covered Bond Swap Counterparty.

**“Covered Bondholders”** means the holders from time to time of Covered Bonds, title to which is evidenced in the manner described in Condition 3 (*Form, Denomination and Title*).

**“Credit and Collection Policy”** means the procedures for the management, collection and recovery of the Receivables attached as Schedule 1 (*Procedura di Riscossione*) to the Servicing Agreement.

**“CRR”** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time.

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

- (i) if **“Actual/Actual (ICMA)”** is so specified, means:
  - A. where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - B. where the Calculation Period is longer than one Regular Period, the sum of:

1. the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
  2. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- "Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;
- "D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and
- "D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;
- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

"**Dealer(s)**" means Unicredit Bank AG and Erste Group Bank AG and any other entity which may be nominated as such by the Issuer upon execution of a letter in the terms or substantially in the terms set out in schedule 6 (*Form of Dealer Accession Letter*) to the Programme Agreement.

"**Debtor**" means (i) in relation to the Receivables, any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation pursuant to a Mortgage Loan Agreement under an *accollo*, or otherwise and (ii) in relation to the Public Entity Securities, any entity, also different from the issuer of the Public Entity Security, who is liable for the payment of amounts due, as principal and interest, in respect of the Public Entity Security.

"**Decree 190**" (*Decreto 190*) means the Italian Legislative Decree No. 190 of 5 November 2021, transposing Directive (EU) No. 2162/2019 into Italian law.

"**Decree No. 239**" means Italian Legislative Decree number 239 of 1 April 1996;

"**Deed of Charge**" means the English law deed of charge entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to charge the rights arising under the Swap Agreements, as amended and restated from time to time.

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 10 October 2019 between, *inter alios*, the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and of the Other Creditors), as amended and restated and/or extended from time to time.

"**Defaulted Receivable**" means a Receivable arising from a Mortgage Loan Agreement included in the Cover Pool which has been for at least 180 consecutive days In Arrears, or which has been classified as a *credito in sofferenza* pursuant to the Servicing Agreement.

"**Defaulting Party**" has the meaning ascribed to that term in the relevant Swap Agreement.

"**Delinquent Receivable**" means any Receivable arising from Mortgage Loan Agreements included in the Cover Pool in respect of which there are 1 (one) or more Instalments due and not paid by the relevant Debtor for more than 30 days and which has not been classified as Defaulted Receivable.

"**Determination Date**" has the meaning given to it in the applicable Final Terms.

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

**“Early Redemption Amount (Tax)”** means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, these Conditions.

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

**“Eligible Assets”** means the Mortgage Loans.

**“Eligible Deposits”** means deposits held with banks having their registered office in Eligible States and qualify as Eligible Institution.

**“Eligible Institution”** means any bank organised under the laws of any country which is a member of the European Union or of the United States (to the extent that United States are a country for which a 0% risk weight is applicable in accordance with the Bank of Italy’s prudential regulations for banks – standardised approach), (i) whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "F1" by Fitch or (ii) whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least “A” by Fitch or in case of Account Bank the Deposit Rating (if any) is least “A” by Fitch or any other lower rating that do not affect the current rating of the outstanding Covered Bonds, provided however that any such bank qualifies for the “credit quality step 1” or the “credit quality step 2” pursuant to article 129, let. (c) of the CRR unless (a) it is an entity in the European Union and (b) the exposure vis-à-vis such bank have a maturity not exceeding 100 (one-hundred) days, in which case it may qualify for the “credit quality step 3” pursuant to Article 129, let. (c) of the CRR.

**"Eligible Investment"** means any senior (unsubordinated) debt securities or other debt instruments (including without limitation, commercial paper, certificate of deposits and bonds) which:

- a) are denominated in Euro;
- b) have a maturity not exceeding the next following Liquidation Date or which are repayable on demand at par together with accrued and unpaid interest, without penalty;
- c) (except in case of deposits) are in the form of bonds, notes, commercial papers or other financial instruments (i) rated at least A and/or F1 by Fitch, or in the absence of a Fitch rating, rated at least at the level equivalent to Fitch’s ‘AA-’ or ‘F1+’ by at least one other internationally recognised and regulatory approved rating agency, if the relevant maturity is up to the earlier of the next Liquidation Date and 30 calendar days, or (ii) rated AA- and/or F1+ by Fitch, if the relevant maturity is up to mature the earlier of the next Liquidation Date and 365 calendar days; or in the case of a deposits, to the extent that such deposit are held by (i) an Eligible Institution at its branch located in the Republic of Italy or in the United Kingdom if the relevant maturity is up to the earlier of the next Liquidation Date and 30 calendar days or (ii) any depository institution located in the Republic of Italy or in the United Kingdom rated AA- and/or F1+ by Fitch, if the relevant maturity is up to mature the earlier of the next Liquidation Date and 365 calendar days, *provided that* (i) such Eligible Investment shall not prejudice the rating assigned to each Series of Covered Bond and shall provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount), (ii) in any event such debt securities or other debt instruments do not consist, in whole or in part,

actually or potentially of credit-linked notes or similar claims nor may any amount available to the Guarantor in the context of the Programme otherwise be invested in asset-backed securities, irrespective of their subordination, status, or ranking at any time, and (iii) the relevant exposure qualifies for the “credit quality step 1” or “credit quality step 2” pursuant to article 129, let. (c) of the CRR or, in case of exposure *vis-à-vis* an entity in the European Union which has a maturity not exceeding 100 (one-hundred) days, it may qualify for “credit quality step 3” pursuant to Article 129, let. (c) of the CRR.

**“Eligible States”** means any States belonging to the European Economic Space, Switzerland and any other State attracting a zero per cent. risk weight factor under the “Standardised Approach” provided for by Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions.

**“EURIBOR”** means the Euro-Zone Inter-Bank offered rate for Euro deposits, as determined from time to time pursuant to the Programme Documents.

**“Euro”, “€” and “EUR”** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

**“Euroclear”** means Euroclear Bank S.A./N.V..

**“Euro Equivalent”** has the meaning ascribed to such term in clause 1.2 (*Other Definitions*) of the Cover Pool Administration Agreement.

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

**“Excess Proceeds”** means the amounts received by the Guarantor as a result of any enforcement taken *vis-à-vis* the Issuer in accordance with Article 7-*quaterdecies* of Law 130.

**“Excluded Swap Termination Amount”** means any termination payment due and payable by the Guarantor to a Covered Bond Swap Counterparty, where the Covered Bond Swap Counterparty is the Defaulting Party or the sole Affected Party pursuant to the relevant Swap Agreement.

**“Expense Required Amount”** means Euro 40,000.00.

**“Expenses”** means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer’s Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

**“Expenses Account”** means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT 48 Q 03479 01600 000802318401, or such other substitute account as may be opened in accordance with the Cash, Management and Agency Agreement.

**“Expiry Date”** means the date falling 1 (one) year and 1 (one) day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

**"Exposure Limit"** means the limits provided under Article 129, paragraph 1a (1-*bis*), let. (a), (b), (c) e (d) of CRR, provided that pursuant to Article 129, paragraph 3a (3-*bis*) of CRR, such limits shall not apply to "*cessioni di ripristino*" pursuant to the Master Loans Purchase Agreement for purposes of complying with the Nominal Value Test.

**"Extended Instalment Date"** means the date on which a principal instalment in relation to a Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Covered Bond Instalment Date as specified in the relevant Final Terms;

**"Extended Maturity Date"** means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

**"Extension Determination Date"** means the date falling 7 Business Days after the expiry of the Maturity Date of the relevant Tranche or Series of Covered Bonds.

**"Extraordinary Resolution"** has the meaning ascribed to such term in the Rules of Organisation of the Covered Bondholders attached to these Conditions.

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

**"Final Terms"** means, in relation to any issue of any Series or Tranche of Covered Bonds, the relevant terms contained in the applicable Programme Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series or Tranche of Covered Bonds.

**"Financial Law"** means Legislative Decree number 58 of 24 February 1998 as amended from time to time.

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

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

**"Fitch"** means Fitch Ratings Ireland Limited Sede Secondaria Italiana.

**"GDPR"** means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

**"Guaranteed Amounts"** means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 9(a) (*Gross-up by the Issuer*)) and (ii) the Other Issuer Creditors pursuant to the relevant Programme Documents.

**"Guaranteed Obligations"** means the Issuer's payments obligations with respect to the Guaranteed Amounts.

**"Guarantor"** means VOBA CB S.r.l., acting in its capacity as guarantor pursuant to the Covered Bond Guarantee.

**"Guarantor Calculation Agent"** means Banca Finanziaria Internazionale S.p.A. acting as guarantor calculation agent, or any such other entity as may be appointed pursuant to the Cash, Management and Agency Agreement;



**“Guarantor Calculation Date”** means both prior to and after the delivery of an Acceleration Notice, the date falling on the fourth Business Day immediately preceding each Guarantor Payment Date.

**“Guarantor Event of Default”** has the meaning given to it in Condition 10(d) (*Guarantor Events of Default*).

**“Guarantor Paying Agent”** means BNP Paribas, Italian Branch, acting in its capacity as guarantor paying agent, or any such other institution as may be appointed pursuant to the Cash Management and Agency Agreement.

**“Guarantor Payment Date”** means (a) prior to the delivery of an Acceleration Notice, the 27<sup>th</sup> day of each month of January, April, July and October, or if that day is not a Business Day, the immediately following Business Day; the first Guarantor Payment Date will fall in January 2020; and (b) following the delivery of an Acceleration Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Guarantor Event of Default Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

**“Guarantor Payment Period”** means any period commencing on (and including) a Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date.

**“Guarantor Payments Account”** means the Euro denominated account established in the name of the Guarantor and held with the Account Bank, IBAN IT 02 S 03479 01600 000802318403 or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

**“Implementation Date”** means 31 March 2023, it being the date into which the Implementing Provisions issued by the Bank of Italy entered into force.

**“Implementing Provisions”** means the implementing provisions amending the Bank of Italy Regulations issued by the Bank of Italy pursuant to Law 130.

**“In Arrears”** means, in respect of any Mortgage Loans, any amount which has become due and payable by the relevant obligor or guarantor but has remained unpaid for more than five consecutive Business Days.

**“Initial Issue Date”** means the date on which the Issuer issued the first Series of Covered Bonds.

**“Initial Portfolio”** means the portfolio of Initial Receivables purchased by the Guarantor from the Seller pursuant to the Master Transfer Agreement.

**“Initial Receivables”** means the initial Receivables comprising certain Eligible Assets included in the Initial Portfolio.

**“Insolvency Event”** means in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, insolvency-like proceedings, composition with creditors, insolvent reorganization, turnaround/insolvency tools (*strumenti di regolazione della crisi e dell'insolvenza*) or negotiated settlement procedure (including, without limitation, *“liquidazione giudiziale”*, *“liquidazione coatta amministrativa”*, *“piani di risanamento”*, *“accordi di ristrutturazione del debito”*, *“piano di ristrutturazione soggetto*

*ad omologazione*”, “*composizione negoziata della crisi*”, and “*concordato semplificato*” and (other than in respect of the Issuer) “*amministrazione straordinaria*”, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Programme Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to Article 74 of the Banking Law); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or
- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

“**Insolvency Official**” means the official receiver appointed in the context of any insolvency procedure which may be opened following the occurrence of an Insolvency Event.

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

“**Instalment Amount**” means the principal amount of a Series of Covered Bonds to be redeemed on a Covered Bond Instalment Date as specified in the relevant Final Terms;

“**Instalment Extension Determination Date**” means, with respect to any Covered Bond Instalment Date, the date falling 2 Business Days after the expiry of seven days from (and including) such Covered Bond Instalment Date;

**“Insurance Companies”** means the companies with whom the Insurance Policies are held.

**“Insurance Policies”** means the insurance policies taken out with the Insurance Companies in relation to each Real Estate Asset and each Mortgage Loan.

**“Integration Assets”** means:

- (i) Eligible Deposits;
- (ii) securities issued by banks residing in Eligible States (as defined below) with residual maturity not longer than one year, in each case, meeting the requirements set out in the definition of Eligible Investments; and
- (iii) the Public Entity Securities,

provided that the assets referred to in items (i), (ii) and (iii) above are qualified as eligible assets pursuant to Article 7-*novies* of Law 130.

**“Intercreditor Agreement”** means the intercreditor agreement entered into, on or about the Initial Issue Date between the Guarantor and the Other Creditors, as amended and restated from time to time.

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

**“Interest Available Funds”** means, on each Guarantor Payment Date, the aggregate of:

- a) any interest collected by the Servicer in respect of the Cover Pool and credited into the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- b) all interest deriving from the Eligible Investments made with reference to the immediately preceding Collection Period;
- c) all recoveries in the nature of interest and penalties received by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- d) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Guarantor Payment Date;
- e) any amounts other than in respect of principal received under the Swap Agreements (other than any Swap Collateral);
- f) any swap termination payments received from a Covered Bond Swap Counterparty under a Swap Agreement, provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will first be used to pay a Replacement Covered Bond Swap Counterparty to enter into a Replacement Swap Agreement, unless a Replacement Swap Agreement has already been entered into by or on behalf of the Guarantor;
- g) prior to the service of a Notice to Pay on the Guarantor amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount and following the service of a Notice to Pay on the Guarantor, any amounts standing to the credit of the Reserve Account;

- h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or Principal Available Funds) received by the Guarantor from any party to the Transaction Documents during the immediately preceding Collection Period;
- i) the interest amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period.

**“Interest Commencement Date”** means in relation to any Series or Tranche of Covered Bonds, the Issue Date of such Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

**“Interest Coverage Test”** has the meaning ascribed to such term in clause 2.2.3 (*Interest Coverage Test*) of the Cover Pool Administration Agreement.

**“Interest Determination Date”** has the meaning given in the relevant Final Terms.

**“Interest Instalment”** means the interest component of each Instalment.

**“Investor Report Date”** means 2 Business Days after each Guarantor Payment Date.

**“Investors Report”** means the report to be prepared and delivered by the Guarantor Calculation Agent on or prior to the Investors Report Date, to the Issuer, the Guarantor, the Seller, the Representative of the Covered Bondholders, the Rating Agency, the Servicer, the Guarantor Paying Agent and the Issuer Paying Agent, setting out certain information with respect to the Covered Bond and the Cover Pool.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc..

**“Issue Date”** has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

**“Issuer”** means Banca Popolare dell’Alto Adige S.p.A., acting in its capacity as issuer pursuant to the Programme Agreement.

**“Issuer Downgrading Event”** means the Issuer being downgraded below “BBB” or “F2” by the Rating Agency.

**“Issuer Event of Default”** has the meaning given to it in Condition 10(a) (*Issuer Events of Default*).

**“Issuer’s Investor Report”** means the investor report provided by the Test Calculation Agent in accordance with the Cash Management and Agency Agreement.

**“Issuer’s Investor Report Date”** means the date which falls six Business Days prior to the Guarantor Payment Date falling in January and July of each year, it being understood that the first Issuer’s Investors Report Date will be on 20 January 2020.

**“Issuer Paying Agent”** means BPAA, acting in its capacity as issuer paying agent, or any such other institution as may be appointed pursuant to the Cash Management and Agency Agreement.

**“Joint Arrangers”** means Unicredit Bank AG and Banca Finanziaria Internazionale S.p.A..

**“Law 130”** means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time.

**“Liquid Assets”** means the assets referred to Article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets under Article 129 of the CRR and Law 130.

**“Liquidation Date”** means the fifth Business Days before each Guarantor Payment Date.

**“Liquidity Buffer Account”** means the account that may be opened in the name of the Guarantor with the Account Bank in accordance with the Cash Management and Agency Agreement.

**“Liquidity Buffer Securities Account”** means the securities account that may be opened in the name of the Guarantor with the Account Bank in accordance with Cash Management and Agency Agreement.

**“Liquidity Buffer Target Amount”** means the liquidity buffer requirement pursuant to Article 7-*duodecies* of Law 130, as set out in the Cover Pool Administration Agreement.

**“LTV”** means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of the relevant Mortgage Loan and the value of a Real Estate Asset in accordance with the BoI Regulations and any other applicable prudential regulation.

**“Luxembourg Listing Agent”** means BNP Paribas, Luxembourg Branch.

**“Mandate Agreement”** means the mandate agreement entered into on or about 10 October 2019 between the Representative of the Covered Bondholders and the Guarantor, as amended and restated from time to time.

**“Margin”** has the meaning given in the relevant Final Terms.

**“Master Transfer Agreement”** means the master transfer agreement entered into on 1 October 2019 between the Guarantor and the Seller, as amended and restated from time to time.

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

**“Maximum Redemption Amount”** has the meaning given in the relevant Final Terms.

**“Member State”** means a member State of the European Union.

**“Maximum Rate of Interest”** has the meaning given in the relevant Final Terms.

**“MEF Decree”** means the ministerial MEF Decree of 14 December 2006 issued by the Ministry of the Economy and Finance, repealed by the Decree 190.

**“Minimum OC Requirement”** has the meaning ascribed to such term in clause 1.2 (*Other Definitions*) of the Cover Pool Administration Agreement.

**“Minimum Rate of Interest”** has the meaning given in the relevant Final Terms.

**“Minimum Redemption Amount”** has the meaning given in the relevant Final Terms.

**“Monte Titoli”** means Monte Titoli S.p.A., (commercial name “Euronext Securities Milan”) a *società per azioni* having its registered office at Piazza Affari, 6, 20123 Milan, Italy.

**“Monte Titoli Account Holders”** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quater* of the Financial Law.

**"Monthly Servicer's Report"** means the monthly report prepared by the Servicer on each Monthly Servicer's Report Date and containing details on the Collections of the Receivables during the relevant Collection Period, prepared in accordance with the Servicing Agreement and delivered by the Servicer, *inter alios*, to the Guarantor and the Asset Monitor.

**"Monthly Servicer's Report Date"** means (a) prior to the delivery of an Acceleration Notice, the date falling on the 12<sup>th</sup> calendar day of each month of each year, or if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of an Acceleration Notice, such date as may be indicated by the Representative of the Covered Bondholders.

**"Mortgage Loan"** means (i) any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed, pursuant to article 2, sub-paragraph 1, of MEF Decree; and (ii) from the Implementation Date, any residential mortgage loan that meet the requirements of Article 129, paragraph 1, let. (d) of the CRR and Article 7-*novies* of Law 130.

**"Mortgage Loan Agreement"** means any mortgage loan agreement out of which the Receivables arise and secured by Mortgage over Real Estate Assets.

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

**"Mortgagor"** means any person, either a borrower or a third party, who has granted a Mortgage in favour of the Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

**"Negative Carry Factor"** means 0.5% or such higher percentage procured by the Issuer on behalf of the Guarantor and notified to the Representative of the Covered Bondholders and to the Test Calculation Agent.

**"Net Present Value Test"** has the meaning ascribed to such term in clause 2.2.2 (*Net Present Value Test*) of the Cover Pool Administration Agreement.

**"Net Present Value of the Cover Pool for Statutory Test"** has the meaning ascribed to such term in clause 2.4 (*Net Present Value Test*) of the Cover Pool Administration Agreement.

**"New Portfolio"** means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, Integration Assets and Liquid Assets, as applicable, which may be purchased by the Guarantor from the Seller pursuant to the terms and subject to the conditions of the Master Transfer Agreement.

**"Nominal Value"** has the meaning ascribed to such term in clause 2.3.1 (*Nominal Value*) of the Cover Pool Administration Agreement.

**"Nominal Value Test"** has the meaning ascribed to such term in clause 2.2.1 (*Nominal Value Test*) of the Cover Pool Administration Agreement.

**"Notice to Pay"** has the meaning ascribed to such term in Condition 10(a) (*Issuer Events of Default*).

**"Obligations"** means all the obligations of the Guarantor created by or arising under the Programme Documents.

**"Offer Date"** means, with respect to each New Portfolio, the date falling 2 (two) Business Days prior to each Transfer Date, pursuant to clause 3.1 (*Offerta*) of the Master Transfer Agreement.

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

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

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

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms.

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms.

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

**"Other Creditors"** means the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Representative of the Covered Bondholders, the Guarantor Calculation Agent, the Test Calculation Agent, the Corporate Servicer, the Issuer Paying Agent, the Guarantor Paying Agent, the Account Bank, the Asset Monitor, the Covered Bond Swap Counterparty, the Portfolio Manager (if any), the Cash Manager and any other creditors which may, from time to time, be identified as such in the context of the Programme.

**"Other Issuer Creditors"** means any entity - other than the Issuer - acting as Issuer Paying Agent, any Covered Bond Swap Counterparty, the Asset Monitor and any other Issuer's creditor which may from time to time be identified as such in the context of the Programme.

**"Outstanding Principal"** means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

**"Outstanding Principal Amount"** means, on any date in respect of any Series of Covered Bonds or, where applicable, in respect of all Series of Covered Bonds:

- (i) the principal amount of such Series or, where applicable, all such Series upon issue; *minus*
- (ii) the aggregate amount of all principal which has been repaid prior to such date in respect of such Series or, where applicable, all such Series and, solely for the purposes of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, the principal amount of any Covered Bonds in such Series of (where applicable) all such Series held by, or by any Person for the benefit of, the Issuer or the Guarantor.

**"Outstanding Principal Balance"** means on any date, (i) in relation to a loan or any other asset included in the Cover Pool, the aggregate nominal principal amount outstanding of such loan or asset at such date, and (ii) in relation to the Covered Bonds, the aggregate nominal principal amount outstanding of such Covered Bonds at such date as the case may be.

**"Paying Agents"** means the Issuer Paying Agent and the Guarantor Paying Agent.

**"Payments Report"** means the report to be prepared and delivered by the Guarantor Calculation Agent pursuant to the Cash, Management and Agency Agreement on each Guarantor Calculation Date.

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

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

**"Portfolio"** means, collectively, the Initial Portfolio and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the Master Transfer Agreement.

**"Portfolio Manager"** means the entity appointed as such in accordance with clause 5.6 (*Portfolio Manager*) of the Cover Pool Administration Agreement.

**"Post-Issuer Event of Default Priority of Payments"** means the order of priority pursuant to which the Available Funds shall be applied, on each Guarantor Payment Date following the delivery of a Notice to Pay, but prior to the delivery of an Acceleration Notice, in accordance with the terms of the Intercreditor Agreement.

**"Post-Guarantor Event of Default Priority of Payments"** means the order of priority pursuant to which the Available Funds shall be applied on each Guarantor Payment Date, following the delivery of an Acceleration Notice, in accordance with the Intercreditor Agreement.

**"Potential Set-Off Amount"** means (a) if no Issuer Downgrading Event has occurred or is outstanding an amount equal to 0 (zero) or (b) if an Issuer Downgrading Event has occurred and is outstanding, an amount of the Cover Pool that could potentially be set-off by the relevant Debtors against any credit owed by any such Debtor towards the Seller. Such amount will be calculated by the Test Calculation Agent (based on the aggregate information provided by the Servicer) on a quarterly basis on each Test Calculation Date and/or on each other date on which the Asset Coverage Test is to be carried out pursuant to the provisions of the Cover Pool Administration Agreement.

**"Pre-Issuer Event of Default Interest Priority of Payments"** means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Notice to Pay in accordance with the Intercreditor Agreement.

**"Pre-Issuer Event of Default Principal Priority of Payments"** means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Notice to Pay in accordance with the Intercreditor Agreement.

**"Premium Interest"** means the premium payable by the Guarantor to the Seller in accordance with the Subordinated Loan Agreement, as determined thereunder.

**"Principal Available Funds"** means in respect of any Guarantor Payment Date, the aggregate of, without duplication:

- (a) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (b) all other recoveries in the nature of principal collected by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;



- (c) all proceeds deriving from the sale, if any, of the Eligible Assets, Integration Assets or Liquid Assets during the Collection Period preceding the relevant Guarantor Payment Date;
- (d) without duplication with other items of this definition, all principal proceeds deriving from the liquidation of Eligible Investments during the Collection Period preceding the relevant Guarantor Payment Date;
- (e) any other principal amounts standing to the credit of the Accounts as of the immediately preceding Collection Date;
- (f) all amounts in respect of principal (if any) received under any Swap Agreement (other than the Swap Collateral);
- (g) any amounts to be transferred pursuant to item (vi) of the Pre-Issuer Event of Default Interest Priority of Payments;
- (h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or the Principal Available Funds) received by the Guarantor from any party to the Transaction Documents during the immediately preceding Collection Period;
- (i) principal amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period;
- (j) any amount paid under the Subordinated Loan and not repaid, standing to the credit of the Collection Accounts.
- (k) following a Notice to Pay, and before an Acceleration Notice, all principal amounts standing to the credit of the Liquidity Buffer Account as at the relevant Guarantor Calculation Date.

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Guarantor Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Guarantor Calculation Agent.

**“Principal Instalment”** means the principal component of each Instalment.

**“Priority of Payments”** means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Post-Issuer Event of Default Priority of Payments and the Post-Guarantor Event of Default Priority of Payments.

**“Privacy Code”** means the Legislative Decree no. 196 of 30 June 2003 (*Codice in materia di protezione dei dati personali*) as amended and integrated from time to time.

**“Privacy Law”** (*Normativa sulla Tutela della Riservatezza*) means the Privacy Code, the GDPR and any other related regulation and/or provision in force from time to time.

**“Programme”** means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-bis of the Law 130 as applicable until the Implementation Date or, from the Implementation Date, the article 7-quinquies and subsequent of Law 130.

**“Programme Agreement”** means the programme agreement entered into on 10 October 2019 between, *inter alios*, the Guarantor, the Seller, the Issuer, the Representative of the Covered Bondholders and the Dealers, as amended and restated from time to time.

**“Programme Amount”** means €3,000,000,000.

**“Programme Documents”** means the Master Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Cash, Management and Agency Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Administration Agreement, the Intercreditor Agreement, the Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements (if any), the Mandate Agreement, the Quotaholders' Agreement, these Conditions, each Final Terms, the Deed of Pledge, the Master Definitions Agreement, the Stichting Corporate Services Agreement and any other agreement entered into from time to time in connection with the Programme.

**“Programme Resolution”** has the meaning given in the Rules of the Organisation of Covered Bondholders attached to these Conditions.

**“Prospectus Regulation”** means EU Regulation 2017/1129, as amended from time to time.

**“Prudential Regulations”** means the prudential regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular No. 285 “*Disposizioni di vigilanza per le banche*”, as amended and supplemented from time to time, including the BoI Regulations.

**“Public Entities”** means any of the authorities or entities set out in article 129, paragraph 1, letters (a) and (b) of the CRR.

**“Public Entity Securities”** means any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities pursuant to Article 129, paragraph 1, let. (a) and (b) of the CRR and art. 7-novies of Law 130.

**“Purchase Price”** means, in relation to the Initial Portfolio and each New Portfolio transferred by the Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the Master Transfer Agreement.

**“Put Option Notice”** means a notice of exercise relating to the put option contained in Condition 7 (f) (*Redemption at the option of the Covered Bondholders*), substantially in the form set out in schedule 5 to the Cash Management and Agency Agreement, or such other form which may, from time to time, be agreed between the Issuer and the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be.

**“Put Option Receipt”** means a receipt issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, to a depositing Covered Bondholder upon deposit of Covered Bonds with the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder.

**“Quotaholders”** means each of Stichting Urano and Banca Popolare dell’Alto Adige S.p.A..

**“Quotaholders’ Agreement”** means the agreement entered into on 10 October 2019 between Banca Popolare dell’Alto Adige S.p.A., Stichting Urano, the Guarantor and the Representative of the Covered Bondholders, as amended and restated from time to time.

**“Quota Capital”** means the quota capital of the Guarantor, equal to Euro 10,000.00.

**“Quota Capital Account”** means the Euro denominated account established in the name of the Guarantor with Banca Monte dei Paschi di Siena S.p.A., IBAN IT 72 D 01030 61622 000001835807 for the deposit of the Quota Capital.

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

**“Real Estate Assets”** means the real estate properties which have been mortgaged in order to secure the Receivables and each of them a **“Real Estate Asset”**.

**“Receivables”** means each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements, including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Valuation Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to the Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements and the Integration Assets, including penalties and any other amount due to the Seller in the case of prepayments of the Mortgage Loans, and to the guarantees and insurances related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Valuation Date;
- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which the Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (*garanzie reali o garanzie personali*) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Seller in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

**“Records”** means the records prepared pursuant to clause 10.1 (*Duty to maintain Records*) of the Cash, Management and Agency Agreement.

**“Recoveries”** means any amounts received or recovered by the Servicer, in accordance with the terms of the Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the Conditions.

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Guarantor Calculation Agent in the market that is most closely connected with the Reference Rate.

**"Reference Price"** has the meaning given in the relevant Final Terms.

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

**"Regular Period"** means:

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

**"Relevant Clearing System"** means Euroclear and/or Clearstream and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders.

**"Relevant Dealer(s)"** means, in relation to a Series or a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Series or Tranche pursuant to the Programme Agreement.

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms.

**"Relevant Public Entity Securities Documents"** means, where available, the relevant prospectuses (or, for Public Entity Securities in respect of which duty to publish a prospectus is not provided for, the issue notice published in accordance with the relevant applicable law)

and/or the terms and conditions of the Securities (or similar documents in accordance with the relevant applicable law).

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

**"Relevant Time"** has the meaning given in the relevant Final Terms.

**"Representative of the Covered Bondholders"** means Banca Finanziaria Internazionale S.p.A., acting in its capacity as representative of the Covered Bondholders pursuant to the Intercreditor Agreement, the Programme Agreement, the Deed of Pledge, the Conditions and the Final Terms of each Series of Covered Bonds.

**"Required Reserve Amount"** means, on each Guarantor Payment Date, an amount calculated by the Guarantor Calculation Agent as being equal to the sum of:

- (i) (A) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Guarantor Payment Period (such that, (a) if Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the net amount due to the Covered Bond Swap Counterparty or the amount due to the Covered Bondholders of such Series, (b) if Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due to the Covered Bondholders of such Series and (c) if Swap Agreements are in place for a portion of a Series of Covered Bonds, such interest amounts accruing will be the sum of (i) for the portion of the Series covered by the Swap Agreements, the higher of the net amount due to the Covered Bond Swap Counterparty and the amount due to the Covered Bondholders of such Series, and (ii) for the remaining portion, the interest amounts accruing will be the proportional amount due to the Covered Bondholders of such Series in each case as calculated by the Guarantor Calculation Agent on or prior to each Guarantor Calculation Date, *plus* (B) prior to the service of a Notice to Pay, the aggregate amount to be paid by the Guarantor on the second Guarantor Payment Date following the relevant Guarantor Calculation Date in respect of the items (*First*) to (*Third*) (each inclusive) of the Pre- Issuer Event of Default Interest Priority of Payments; *plus*
- (ii) any additional amount that the Issuer has voluntarily resolved to accumulate as reserve in order to create an additional stock to procure that the Statutory Tests are met with respect to the Cover Pool.

**"Reserve Account"** means the Euro denominated account established in the name of the Guarantor with the Account Bank IBAN IT 25 R 03479 01600 000802318402, or such other substitute account as may be opened in accordance with the Cash, Management and Agency Agreement.

**"Reserve Fund"** means means any amounts standing to the credit of the Reserve Account up to the Required Reserve Amount.

**“Rules of the Organisation of the Covered Bondholders”** or **“Rules”** means the rules of the Organisation of the Covered Bondholders attached as exhibit to the Conditions of the Covered Bonds.

**“Secured Creditors”** means, collectively, the Representative of the Covered Bondholders (in its own capacity and as legal representative of the Covered Bondholders), the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Guarantor Calculation Agent, the Test Calculation Agent, the Corporate Servicer, the Issuer Paying Agent, the Guarantor Paying Agent, the Account Bank, the Asset Monitor, the Covered Bond Swap Counterparty, the Portfolio Manager (if any), the Cash Manager, together with any other entity acceding to the Intercreditor Agreement.

**“Securities Account”** means the account which will be opened in the name of the Guarantor with the Account Bank, upon purchase by the Guarantor from the Seller of Eligible Assets and/or Integration Assets and /or Liquid Assets (other than Liquid Assets deposited on the Liquidity Buffer Securities Account represented by bonds, debentures, notes or other financial instruments in book entry form in accordance with and subject to the conditions of the Cash, Management and Agency Agreement.

**“Securities Act”** means the U.S. Securities Act of 1933, as amended and supplemented from time to time.

**“Security”** means the security created pursuant to the Deed of Pledge and the Deed of Charge.

**“Security Interest”** means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge or any sum owed or payable to any person; or
- (c) any other type or preferential arrangement having a similar effect.

**“Seller”** means Banca Popolare dell’Alto Adige S.p.A. pursuant to the Master Transfer Agreement.

**“Series”** or **“Series of Covered Bonds”** means each series of Covered Bonds issued in the context of the Programme.

**“Servicer”** means Banca Popolare dell’Alto Adige S.p.A. in its capacity servicer pursuant to the Servicing Agreement.

**“Servicer Termination Event”** means any of the events set out under clause 8.1 (*Casi di revoca del mandato del Servicer*) of the Servicing Agreement, which allows the Guarantor to terminate the Servicer's appointment and appoint a Substitute Servicer pursuant to the Servicing Agreement.

**“Servicing Agreement”** means the servicing agreement entered into on 1 October 2019 between the Guarantor, the Issuer and the Servicer, as amended and restated from time to time.

**“Sole Affected Party”** means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

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

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms.

**"Specified Office"** means, with respect to:

- (i) the Account Bank and Guarantor Paying Agent, Piazza Lina Bo Bardi 3, Milan,
- (ii) the Cash Manager, Test Calculation Agent and Issuer Paying Agent, Via del Macello, 55, Bolzano, Italy, and
- (iii) the Guarantor Calculation Agent and Corporate Servicer, Via V. Alfieri, 1, 31015 Conegliano (TV), Italy.

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

**"Stabilisation Manager"** means each Dealer or any other person acting in such capacity in accordance with the terms of the Programme Agreement.

**"Statutory Tests"** means such tests provided for under article 7-*undecies* of Law 130 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test.

**"Stichting Corporate Services Provider"** means Wilmington Trust SP Services (London) Limited acting in its capacity as stichting corporate services provider of Stichting Urano pursuant to the Stichting Corporate Services Agreement.

**"Stichting Corporate Services Agreement"** means the stichting corporate services agreement entered into on 10 October 2019, between the Guarantor, the Stichting Corporate Services Provider and Stichting Urano, pursuant to which the Stichting Corporate Services Provider will provide certain administration services to Stichting Urano, as amended and restated from time to time.

**"Stock Exchange"** means the Luxembourg Stock Exchange.

**"Subordinated Loan Provider"** means the Seller, in its capacity as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

**"Subordinated Loan Agreement"** means the subordinated loan agreement entered into on 1 October 2019 between the Subordinated Loan Provider and the Guarantor, as amended and restated from time to time.

**"Subscription Agreements"** means each subscription agreement entered into on or about the Issue Date of each Series of Covered Bonds between each Dealer and the Issuer.

**"Substitute Servicer"** means the successor to the Servicer which may be appointed by the Guarantor, upon the occurrence of a Servicer Termination Event, pursuant to clause 8.4 (*Sostituto del Servicer*) of the Servicing Agreement.

**"Subsidiary"** has the meaning ascribed to such term in Article 2359 of the Italian Civil Code.

**"Suspension Period"** means the period of time following an Article 74 Event.

**"Swap Agreements"** means any swap agreement or other hedging agreements, if any, aimed at hedging certain interest rate risks and/or, if applicable, currency exposures in relation to the

Guarantor's obligations under the Covered Bonds, that may be entered into between the Guarantor and the relevant Covered Bond Swap Counterparty.

**"Swap Basic Term Modification"** means any amendment to any of the Programme Documents aimed at: (i) altering the Priority of Payments by affecting the position of the Covered Bond Swap Counterparty if compared to the position of the Covered Bondholders, (ii) changing a payment date under the Swap Agreements; (iii) providing a reduction or cancellation or increase in the payments due under the Swap Agreements; (iv) altering the currency for each relevant payment under the Swap Agreements; (v) extending the termination date under the Swap Agreements and (vi) modifying this definition.

**"Swap Collateral"** means the collateral which may be transferred by the Covered Bond Swap Counterparty to the Guarantor in support of its obligations under the Swap Agreements.

**"Swap Collateral Accounts"** means collectively the Swap Collateral Cash Account, the Swap Collateral Securities Account and any swap collateral cash account, any swap collateral securities account and any other collateral account that may be opened, in name and on behalf of the Guarantor, with an account bank on which each Swap Collateral in the form of cash and/or securities and will be posted in accordance with the relevant Swap Agreement.

**"Swap Collateral Cash Account"** means the Euro denominated collateral account that may be opened in the name of the Guarantor with the Account Bank, or such other substitute account as may be opened in accordance with the Cash, Management and Agency Agreement.

**"Swap Collateral Excluded Amounts"** means, at any time, cash and/or securities equivalent of the same type, nominal value and description as the Swap Collateral which is to be transferred back by the Guarantor to the Covered Bond Swap Counterparty from time to time in accordance with the terms of the Swap Agreements.

**"Swap Collateral Securities Account"** means the Euro denominated account that may be opened in the name of the Guarantor with the Account Bank, or such other substitute account as may be opened in accordance with the Cash, Management and Agency Agreement.

**"T2"** means the real time gross settlement system operated by the Eurosystem (T2) combining the functionalities of a Real Time Gross Settlement (RTGS) system with those of a Central Liquidity Management (CLM) system and which was launched on 20 March 2023.

**"T2 Settlement Day"** means any day on which the real time gross settlement system operated by the Eurosystem is open.

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

**"Term Loan"** means the term loan to be granted by the Subordinated Loan Provider pursuant to the terms of clause 2 (*Il Finanziamento Subordinato*) of the Subordinated Loan Agreement.

**"Test Calculation Agent"** means Banca Popolare dell'Alto Adige S.p.A., acting as test calculation agent for the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Minimum OC Requirement or any other institution that, from time to time, may be appointed as such pursuant to the Cash Management and Agency Agreement.

**"Test Calculation Date"** means both prior to and after the delivery of an Acceleration Notice, the date falling on the fifth Business Day immediately preceding each Guarantor Payment Date.



**"Test Grace Period"** means the period starting from the Test Calculation Date on which the breach of a test is notified by the Test Calculation Agent and ending on the immediately following Test Calculation Date.

**"Tests"** or **"Test"** means, collectively, the Statutory Tests, the Asset Coverage Test and the Amortisation Test.

**"Trade Date"** means the date on which the issue of the relevant Series of Covered Bonds is priced.

**"Tranche"** means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

**"Transfer Agreement"** means any subsequent transfer agreement for the purchase of each New Portfolio entered into in accordance with the terms of the relevant Master Transfer Agreement.

**"Transfer Date"** means: (a) with respect to the Initial Portfolio, 1 October 2019; and (b) with respect to the New Portfolios, the date designated by the Seller in the relevant Transfer Notice.

**"Transfer Notice"** means, in respect to each New Portfolio, such transfer notice which will be sent by the Seller and addressed to the Guarantor in the form set out in the Master Transfer Agreement.

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

**"Valuation Date"** means, with reference to the Initial Portfolio, 1 September 2019, and with reference to the New Portfolios, the date designated as such in the relevant Transfer Notice.

**"Warranty and Indemnity Agreement"** means each warranty and indemnity agreement entered into on 1 October 2019 between the Seller and the Guarantor, as amended and restated from time to time.

**(a) Interpretation**

In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*), any premium payable in respect of a Series of Covered Bonds and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Covered Bonds;
- (iv) any reference to a Programme Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- (v) any reference to a party to a Programme Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Programme Document, becomes a party thereto subsequent to

the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Tranche only; and

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

### **3. Form, Denomination and Title**

The Covered Bonds are in the Specified Denomination(s), which may include a minimum denomination of Euro 100,000 (or, where Specified Currency is a currency other than Euro, the equivalent amount in such Specified Currency) and higher integral multiples of a smaller amount, in each case as specified in the relevant Final Terms. The Covered Bonds will be issued and will be held in bearer form and in dematerialised form (*emesse in forma dematerializzata*) and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 83-bis of the Financial Law, through the authorised institutions listed in Article 83-*quater* of such legislative decree. The Covered Bonds will at all times be evidenced by, and title thereto will be transferable by means of, book entries in accordance with (i) the provisions of Article 83-bis et seq. of the Financial Law and the relevant implementing regulations and (ii) the regulation issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented. The Covered Bonds will be held by Monte Titoli on behalf of the Covered Bondholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Monte Titoli Account Holder will be act as depository for Clearstream and Euroclear. No physical documents of title will be issued in respect of the Covered Bonds. The rights and powers of the Covered Bondholders may only be exercised in accordance with these Conditions and the Rules of the Organisation of the Covered Bondholders.

### **4. Status and Guarantee**

#### **(a) Status of the Covered Bonds**

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor on their behalf.

#### **(b) Status of the Covered Bond Guarantee**

The payment of Guaranteed Amounts in respect of each Series of Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Covered Bond Guarantee.

#### **(c) Priority of Payments**

Amounts due from the Issuer pursuant to these Conditions or from the Guarantor pursuant to the Covered Bond Guarantee shall be paid in accordance with the Priority of Payments, as set out in the Intercreditor Agreement.

### **5. Fixed Rate Provisions**

**(a) Application**

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

**(b) Accrual of interest**

The Covered Bonds bear interest on their Outstanding Principal Balance from (and including) the Interest Commencement Date at the Rate of Interest payable in arrears on each CB Payment Date, subject as provided in Condition 8 (*Payments*) up to (and excluding) the Maturity Date or, as the case may be, the Extended Maturity Date. Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is 7 (seven) days after the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

**(c) Fixed Coupon Amount**

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

**(d) Calculation of interest amount**

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

**6. Floating Rate Provisions**

**(a) Application**

This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable.

**(b) Accrual of interest**

The Covered Bonds bear interest on their Outstanding Principal Balance from the Interest Commencement Date at the Rate of Interest payable in arrears on each CB Payment Date, subject as provided in Condition 8 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the

day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is 7 (seven) days after the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

**(c) *Screen Rate Determination***

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

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant CB Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant CB Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

**(d) *ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds

for each CB Interest Period will be the sum of the Margin and the relevant ISDA Rate where **"ISDA Rate"** in relation to any CB Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is the day specified in the relevant Final Terms.

**(e) *Maximum or Minimum Rate of Interest***

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

**(f) *Calculation of Interest Amount***

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

**(g) *Calculation of other amounts***

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

**(h) *Publication***

The Issuer Paying Agent or the Guarantor Paying Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant CB Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer and the Calculation Agent, as the case may be, and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/ or quotation as soon as practicable after such

determination but (in the case of each Rate of Interest, Interest Amount and CB Payment Date) in any event not later than the first day of the relevant CB Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant CB Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Issuer Paying Agent or the Guarantor Paying Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

**(i) *Certificates to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Issuer Paying Agent or the Guarantor Paying Agent will (in the absence of manifest error, wilful default or gross negligence) be binding on the Issuer, the Guarantor, the Servicer, the Guarantor Calculation Agent, the Corporate Servicer, the Covered Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Issuer Paying Agent or the Guarantor Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**(j) *Benchmark Replacement***

In addition, notwithstanding the provisions above in this Condition 6 (*Floating Rate Provisions*), if the Issuer or the Calculation Agent determines that the relevant Reference Rate specified in the relevant Final Terms has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer), no later than 5 Business Days prior to the relevant Interest Determination Date relating to the next succeeding CB Interest Period (the “**Relevant Interest Determination Date**”), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Covered Bonds;
- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the Relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future CB Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(j) (*Benchmark Replacement*)); provided, however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant CB

Payment Date, the Rate of Interest applicable to the next succeeding CB Interest Period (as applicable) shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of the preceding CB Interest Period (or alternatively, if there has not been a first CB Payment Date, the rate of interest shall be the Rate of Interest specified in the relevant Final Terms) (subject, where applicable, to substituting the Margin that applied to such preceding CB Interest Period for the Margin that is to be applied to the relevant CB Interest Period); for the avoidance of doubt, the provision in this sub-paragraph (iii) shall apply to the relevant CB Interest Period only and any subsequent CB Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(j) (*Benchmark Replacement*));

- (iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions and, including but not limited to, the definition of Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Covered Bonds, and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. Covered Bondholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes; and
- (v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Agents and the Covered Bondholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to the Conditions.

For the purposes of this Condition 6(j) (*Benchmark Replacement*):

**“Adjustment Spread”** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international covered bonds transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**“Alternative Reference Rate”** means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international bond markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant CB Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

**“Independent Adviser”** means an independent financial institution of international repute or other independent financial adviser experienced in the international bond markets, in each case appointed by the Issuer at its own expense;

**“Relevant Nominating Body”** means, in respect of a reference rate:

- (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities; and

**“Successor Rate”** means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

**(k) Benchmark Replacement Modifications**

Notwithstanding the provisions of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, but subject as provided in the next following paragraph, the Representative of the Covered Bondholders shall be obliged, without any consent or sanction of the Covered Bondholders or any of the Issuer Secured Creditors, to concur with the Issuer in making any modification to these Conditions or any other Transaction Document to which it is a party or in relation to which it holds security or entering into any new, supplemental or additional documents that the Issuer certifies to the Representative of the Covered Bondholders is considered by the Issuer necessary or advisable for the purpose of changing the Reference Rate to a Successor Rate or Alternative Reference Rate in accordance with Condition 6(j) (such certification being a **“Benchmark Rate Modification Certificate”**).



When implementing any modification pursuant to this Condition 6(k) (*Benchmark Replacement Modifications*), (i) the Representative of the Covered Bondholders shall not consider the interests of the Covered Bondholders, any other Issuer Secured Creditor or any other person and shall act and rely solely and without further investigation, on any Benchmark Rate Modification Certificate and shall not be liable to the Covered Bondholders, any other Issuer Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and (ii) the Representative of the Covered Bondholders shall not be obliged to agree to any modification which, in the sole opinion of the Representative of the Covered Bondholders would have the effect of (A) exposing the Representative of the Covered Bondholders to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protection, of the Representative of the Covered Bondholders in the Programme Documents and/or these Conditions.

## **7. Redemption and Purchase**

### **(a) *Scheduled redemption***

Unless previously redeemed or purchased and cancelled in accordance with the Conditions and the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in this Condition 7 (*Redemption and Purchase*) and Condition 8 (*Payments*).

### **(b) *Extension of maturity***

If an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the Extension Determination Date, then (subject as provided below), payment of the unpaid amount by the Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining unpaid after the Extension Determination Date may be paid by the Guarantor on any CB Payment Date thereafter up to (and including) the relevant Extended Maturity Date (a “**Maturity Extension**”).

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

The Guarantor or the Guarantor Paying Agent, as the case may be shall notify the relevant holders of the Covered Bonds (in accordance with Condition 17 (*Notices*), any relevant Covered Bond Swap Counterparty and the Representative of the Covered Bondholders, as the case may be, as soon as reasonably practicable and in any event at least three Business Days prior to the Maturity Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties

shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* in partial payment of an amount equal to the Final Redemption Amount in respect of the Covered Bonds and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

Interest will continue to accrue on any unpaid amount and be payable on each CB Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the CB Payment Date on which the Final Redemption Amount is paid in full.

In the event of extension of maturity pursuant to this Condition 7(b), the extension of the Maturity Date shall not affect the ranking or the sequencing of the Covered Bonds in case of *liquidazione coatta amministrativa* or resolution (*risoluzione*) of the Issuer.

In accordance with the provisions of article 7-terdecies, paragraph 5, of the 130 Law and the BoI Regulations, the Issuer shall notify the Bank of Italy in case an Extended Maturity Date has become applicable in respect of a Series of Covered Bonds further to the occurrence of the Maturity Extension, within 10 (ten) calendar days from the occurrence thereof.

**(c) Redemption for tax reasons**

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Provisions are specified in the relevant Final Terms as being not applicable); or
- (ii) on any CB Payment Date (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Covered Bonds; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided, however, that no such notice of redemption shall be given earlier than:*

- 1. where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or
- 2. where the Covered Bonds may be redeemed only on an CB Payment Date, 60 days prior to the CB Payment Date occurring immediately before the earliest date on which the

Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, with a copy to the Luxembourg Listing Agent and the Representative of the Covered Bondholders, (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 7(c), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 7(c).

**(d) *Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Covered Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

**(e) *Partial redemption and instalment redemption***

If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 7(d) (*Redemption at the option of the Issuer*) or if they are redeemed in instalments pursuant to the relevant Final Terms and the Conditions, the Covered Bonds to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the Covered Bonds will be so redeemed in accordance with the rules and procedures of Monte Titoli and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Covered Bondholders referred to in Condition 7(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

**(f) *Redemption at the option of Covered Bondholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Covered Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 7(f), the Covered Bondholder must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, a duly completed Put Option Notice (which notice shall be irrevocable) in the form obtainable from the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be. The Issuer

Paying Agent or the Guarantor Paying Agent, as the case may be, shall deliver a duly completed Put Option Receipt to the depositing Covered Bondholder. Once deposited in accordance with this Condition 7(f), no duly completed Put Option Notice, may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, shall mail notification thereof to the Covered Bondholder at such address as may have been given by such Covered Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be in accordance with this Condition 7(f), the Covered Bondholder and not the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, shall be deemed to be the holder of such Covered Bonds for all purposes.

**(g) *No other redemption***

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in this Condition 7 and as specified in the relevant Final Terms.

**(h) *Purchase***

The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price and any Covered Bonds so purchased may be held or resold or may be surrendered in accordance with Condition 7(i) (*Cancellation*). The Guarantor shall not purchase any Covered Bonds at any time.

**(i) *Cancellation***

All Covered Bonds so redeemed or purchased by the Issuer or any such Subsidiary and subsequently surrendered for cancellation shall be cancelled and may not be reissued or resold.

**(j) *Extension of principal instalments***

If an Extended Instalment Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds whose principal is payable in instalments and the Issuer has failed to pay an Instalment Amount on the applicable Covered Bond Instalment Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to such Instalment Amount in full on the applicable Instalment Extension Determination Date, then (subject as provided below), payment by the Guarantor under the Covered Bond Guarantee of each of (a) such Instalment Amount and (b) all subsequently due and payable Instalment Amounts shall be deferred until the Extended Instalment Date *provided that* no Instalment Amount may be deferred to a date falling after the Maturity Date for the relevant Series.

The Issuer shall confirm to the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, as soon as reasonably practicable and in any event at least four Business Days prior to the applicable Covered Bond Instalment Date as to whether payment will or will not be made in full of the relevant Instalment Amount on its Covered Bond Instalment Date. Any failure by the Issuer to notify the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, shall not affect the validity or effectiveness of the extension.

The Guarantor or the Calculation Agent on its behalf, shall notify the relevant holders of the Covered Bonds (in accordance with Condition 17 (*Notices*), any relevant Covered Bond Swap Counterparty, the Representative of the Covered Bondholders and the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, as soon as reasonably practicable and in any event at least three Business Days prior to a Covered Bond Instalment Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the relevant Instalment Amount pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on each CB Payment Date following the applicable Instalment Extension Determination Date until the applicable Extended Instalment Date, pursuant to the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* towards payment of an amount equal to the relevant Instalment Amount together with interest accrued thereon up to (and including) such date.

Interest will continue to accrue on any unpaid amount during such extended period and shall be payable on each CB Payment Date from the relevant Covered Bond Instalment Date until the Extended Instalment Date or, if earlier, the date on which the deferred Instalment Amount is paid in full.

Failure by the Issuer to pay the Instalment Amount on its Covered Bond Instalment Date will (subject to any applicable grace period) be an Issuer Event of Default. Failure by the Guarantor to pay the deferred Instalment Amount on the related Extended Instalment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

Each Instalment Amount may be deferred when due no more than once. At such time, each subsequent but not yet due Instalment Amount will also be deferred, so it is possible that an Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Extended Maturity Date for the relevant Series.

**(k) *Redemption due to illegality***

The Covered Bonds of all Series or Tranche may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Representative of the Covered Bondholders and Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, and, in accordance with Condition 17 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Representative of the Covered Bondholders immediately before the giving of such notice that it has, or will, before the next CB Payment Date of any Covered Bond of any Series or Tranche, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such CB Payment Date.

**8. *Payments***

**(a) *Payments through clearing systems***

Payment of interest and repayment of principal in respect of the Covered Bonds will be credited, in accordance with the instructions of Monte Titoli, by the Issuer Paying Agent or the Guarantor

Paying Agent, as the case may be, on behalf of the Issuer or the Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.

**(b) *Payments subject to fiscal laws***

All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to Covered Bondholders in respect of such payments.

**(c) *Payments on business days***

If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Covered Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

**9. *Taxation***

**(a) *Gross up by Issuer***

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (“**FATCA**”) unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA). In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

- (i) in relation to any payment or deduction of any interest or principal on account of *imposta sostitutiva* pursuant to Decree No. 239, as amended from time to time with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree No. 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (ii) where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time; or
- (iii) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident

legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

- (iv) where the Covered Bondholder would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements; or
- (v) held by or on behalf of a Covered Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or
- (vi) held by or on behalf of a Covered Bondholder who is entitled to avoid such withholding or deduction in respect of such Covered Bonds by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non/residence or other similar claim for exemption; or
- (vii) where such withholding is required by FATCA.

**(b) *Taxing jurisdiction***

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction. For the purposes of this paragraph (b), the Issuer will not be considered to become subject to the taxing jurisdiction of the United States should the Issuer be required to withhold amounts in respect any withholding tax imposed by the United States on any payments the Issuer makes.

**(c) *No Gross-up by the Guarantor***

If withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

**10. Events of Default**

**(a) *Issuer Events of Default***

If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

- (i) *Non payment*: failure by the Issuer to pay any amount of interest and/or principal due and payable on the Covered Bonds of any Series or Tranche at their relevant Guarantor Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days (other than in case of non payment at the Maturity Date), in case of amounts of principal, as the case may be; or
- (ii) *Breach of other obligation*: breach by the Issuer of any material obligations under or in respect of the Covered Bonds (of any Series or Tranche outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Covered Bonds and/or any obligation to ensure compliance of the Cover Pool with the Statutory Tests), (except where, in the sole opinion of the Representative of the Covered Bondholders, such default is not capable of remedy in

which case no notice will be required), and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer, certifying that such failure is, in its opinion, materially prejudicial to the interests of the Covered Bondholders and specifying whether or not such failure is capable of remedy; or

- (iii) *Cross Default*: any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) *Insolvency*: an Insolvency Event of the Issuer (other than, for the avoidance of doubt, resolution (*risoluzione*) and “*misure di intervento precoce*”) has occurred; or
- (v) *Article 74*: an Article 74 Event has occurred (as defined below); or
- (vi) *Cessation of business*: the Issuer ceases to carry on its primary business (because of the loss of its banking license or otherwise); or
- (vii) *Breach of Tests*: if, following the delivery of a Breach of Test Notice, the Statutory Tests and the Asset Coverage Test are not met at, or prior to, the next Test Calculation Date unless the Representative of the Covered Bondholders or the Meeting of the Organisation of the Covered Bondholders resolves otherwise,

then the Representative of the Covered Bondholders may, at its sole discretion, or shall, if so directed by an Extraordinary Resolution, serve a written notice (the “**Notice to Pay**”) on the Issuer and the Guarantor declaring that an Issuer Event of Default has occurred (specifying, in case of an Article 74 Event that the Issuer Event of Default may be temporary).

**(b) Effect of a Notice to Pay:**

Upon service of a Notice to Pay upon the Issuer and the Guarantor:

- (a) each Series or Tranche of Covered Bonds will accelerate against the Issuer and they will rank *pari passu* amongst themselves against the Issuer, *provided that*
  - (A) such events shall not trigger an acceleration against the Guarantor, and
  - (B) in accordance with Article 7-*quaterdecies*, Paragraph 3, of Law 130 and pursuant to the relevant provisions of the Transaction Documents, the Guarantor shall be solely responsible for the exercise of the rights of the Covered Bondholders *vis-à-vis* the Issuer;
- (b) the Guarantor will pay any amounts due under the Covered Bonds in accordance with the provisions of the Covered Bond Guarantee;
- (c) the Statutory Tests and the verification of the Liquidity Buffer Target Amount shall continue to be applied and the Amortisation Test and the Minimum OC Requirement shall be also applied;
- (d) the Guarantor shall (only if necessary in order to timely effect any payments due under the Covered Bonds) direct the Servicer to sell assets included in the Cover Pool Receivables in accordance with the provisions of the Cover Pool Administration Agreement;
- (e) no further payments to the Seller under the Subordinated Loan Agreement shall be effected until all Covered Bonds are fully repaid or an amount equal to the Required Redemption Amount for each Series of Covered Bonds outstanding has been accumulated;



(f) no further Eligible Assets and/or Integration Assets and/or Liquid Assets shall be transferred from the Seller to the Guarantor pursuant to Clause 2.3.2 and 2.3.3 of the Master Transfer Agreement;

(g) no further Covered Bonds will be issued,

*provided that*, in case of Article 74 Event, the effects listed in items from (a) to (c) above will only apply during the Suspension Period. Accordingly (A) the Guarantor, in accordance with Law 130, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds. The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders of an Article 74 Event Cure Notice.

**(c) Issuer cross-default**

Neither an event of default in respect of any other indebtedness of the Issuer (including other debt securities of the Issuer) nor acceleration of such indebtedness will of itself give rise to an Issuer Event of Default. In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, *provided however that*, where a Guarantor Event of Default occurs and the Representative of the Covered Bondholders serves an Acceleration Notice upon the Guarantor, such Acceleration Notice will accelerate each Series of outstanding Covered Bonds issued under the Programme.

**(d) Guarantor Events of Default**

Following an Issuer Event of Default and the service of a Notice to Pay, if any of the following events (each, a "**Guarantor Event of Default**") occurs and is continuing:

- (i) *Non-payment*: failure by the Guarantor to pay any interest and/or principal due and payable under the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be, , it being understood that, for the avoidance of doubt, with reference to the failure by the Guarantor to pay any principal due at the Maturity Date, no Guarantor Event of Default shall occur should an Extended Maturity Date have been specified as applicable in the relevant Final Terms; or
- (ii) *Breach of Amortisation Test*: breach of the Amortisation Test on any Test Calculation Date (*provided that*, in case of an Issuer Event of Default consisting in an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice); or
- (iii) *Breach of other obligation*: breach by the Guarantor of any material obligations under or in respect of the Covered Bonds (of any Series or Tranche outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Covered Bonds and/or any obligation to ensure compliance of the Cover Pool with the Tests), (except where, in the sole opinion of the Representative of the Covered Bondholders, such default is not capable of remedy in which case no notice will be required), and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer, certifying that such failure is, in its opinion, materially prejudicial

to the interests of the Covered Bondholders and specifying whether or not such failure is capable of remedy; or

- (iv) *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or
- (v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

then the Representative of the Covered Bondholders shall serve a notice on the Guarantor (the “**Acceleration Notice**”) that a Guarantor Event of Default has occurred, unless an Extraordinary Resolution is passed resolving otherwise.

**(e) *Effect of an Acceleration Notice:***

Upon service of an Acceleration Notice upon the Guarantor:

- (i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest and will rank *pari passu* among themselves in accordance with Post-Guarantor Event of Default Priority of Payments;
- (ii) *Covered Bond Guarantee*: subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Redemption Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 9(a) (*Gross up*)) in accordance with the Priority of Payments;
- (iii) *Disposal of assets*: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Administration Agreement; and
- (iv) *Enforcement*: the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders;
- (v) *No further purchase*: no further Eligible Assets, Integration Assets and/or Liquid Assets shall be transferred from the Seller to the Guarantor pursuant to the Master Transfer Agreement.

**(f) *Guarantor cross-default***

Where a Guarantor Event of Default occurs, the Representative of the Covered Bondholders will serve on the Guarantor an Acceleration Notice, thereby accelerating the Covered Bond Guarantee in respect of each Series of outstanding Covered Bonds issued under the Programme. However, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default.

**(g) *Certificates to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 10 by the Representative of the Covered Bondholders shall (in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*)) be binding on the Issuer, the Guarantor and all Covered Bondholders and (in such absence as aforesaid) no liability to the Covered Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Covered Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

## **11. Prescription**

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

## **12. Representative of the Covered Bondholders**

### **(a) *Organisation of the Covered Bondholders:***

The Organisation of the Covered Bondholders shall be established upon, and by virtue of, the issuance of the first Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of the Covered Bonds of any Series. Pursuant to the Rules of the Organisation of the Covered Bondholders, for as long as the Covered Bonds are outstanding, there shall at all times be a Representative of the Covered Bondholders. The appointment of the Representative of the Covered Bondholders as legal representative of the Organisation of the Covered Bondholders is made by the Covered Bondholders subject to and in accordance with the Rules of the Organisation of the Covered Bondholders.

### **(b) *Initial appointment***

In the Programme Agreement, the Relevant Dealer(s) has or have appointed the Representative of the Covered Bondholders to perform the activities described in the Programme Agreement, in these Conditions (including the Rules of the Organisation of Covered Bondholders), in the Intercreditor Agreement, in the Mandate Agreement and in the other Programme Documents, and the Representative of the Covered Bondholders has accepted such appointment for the period commencing on the Issue Date of the first Series of Covered Bonds and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds have been cancelled or redeemed in accordance with these Conditions and the relevant Final Terms.

### **(c) *Acknowledgment by Covered Bondholders***

Each Covered Bondholder, by reason of holding Covered Bonds:

- (i) recognises the Representative of the Covered Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Representative of the Covered Bondholders in such capacity as if such Covered Bondholder were a signatory thereto; and
- (ii) acknowledges and accepts that the Relevant Dealer(s) shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Covered Bondholders as a result of the performance by the Representative of the Covered Bondholders of its duties or the exercise of any of its rights under the Programme Documents.

## **14. Agents**

In acting under the Cash Management and Agency Agreement and in connection with the Covered Bonds, the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, acts solely as an agent of the Issuer and, following service of a Notice to Pay or an Acceleration Notice, as an agent of the Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders.

The Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, and its initial Specified Offices are set out in these Conditions. The Calculation Agent (if not the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be or) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, and to appoint a successor Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or the Calculation Agent, *provided, however, that*:

- (i) the Issuer and the Guarantor shall at all times maintain an Issuer Paying Agent or a Guarantor Paying Agent, as the case may be; and
- (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (iii) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer and the Guarantor shall maintain a paying agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be or in its Specified Offices shall promptly be given to the Covered Bondholders.

## **15. Further Issues**

The Issuer may from time to time, without the consent of the Covered Bondholders, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

## **16. Limited Recourse and Non Petition**

### **(a) *Limited Recourse***

The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Covered Bond Regulations. The recourse of the Covered Bondholders to the Guarantor under the Covered Bond Guarantee will be limited to the assets comprised in the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Covered Bondholders.

### **(b) *Non Petition***

Only the Representative of the Covered Bondholders may pursue the remedies available under the general law or under the Programme Documents to obtain payment of the Guaranteed Amounts or enforce the Covered Bond Guarantee and/or the Security and no Covered Bondholder shall be entitled to proceed directly against the Guarantor to obtain payment of the

Guaranteed Amounts or to enforce the Covered Bond Guarantee and/or the Security. In particular:

- (i) no Covered Bondholder (nor any person on its behalf) is entitled, otherwise than as permitted by the Programme Documents, to direct the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee and/or the Security or (except for the Representative of the Covered Bondholders) take any proceedings against the Guarantor to enforce the Covered Bond Guarantee and/or the Security;
- (ii) no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders, where appropriate) shall, save as expressly permitted by the Programme Documents, have the right to take or join any person in taking any steps against the Guarantor for the purpose of obtaining payment of any amount due from the Guarantor;
- (iii) at least until the date falling one year and one day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms together with any payments payable in priority or *pari passu* thereto, no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and
- (iv) no Covered Bondholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priorities of Payments not being complied with.

## **17. Notices**

### **(a) *Notices given through Monte Titoli***

Any notice regarding the Covered Bonds, as long as the Covered Bonds are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

### **(b) *Notices through Luxembourg Stock Exchange***

Any notice regarding the Covered Bonds, as long as the Covered Bonds are admitted to trading on the regulated market or on the Professional Segment of the regulated market of the Luxembourg Stock Exchange and the rules of such exchange so require, shall be deemed to have been duly given if published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in accordance with the rules and regulation of the Luxembourg Stock Exchange.

### **(c) *Other publication***

The Representative of the Covered Bondholders shall be at liberty to sanction any other method of giving notice to Covered Bondholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to trading and *provided that* notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Covered Bondholders shall require.

## **18. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **19. Governing Law and Jurisdiction**

### **(a) *Governing law***

These Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law. All other Programme Documents and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law, save for the Swap Agreements, which are governed by English law.

### **(b) *Jurisdiction***

The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

### **(c) *Relevant legislation***

Anything not expressly provided for in these Conditions will be governed by the provisions of the Covered Bond Regulations and, if applicable, Article 58 of the Banking Law.

## **RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS**

### **TITLE I**

#### **GENERAL PROVISIONS**

##### **1. GENERAL**

- 1.1. The Organisation of the Covered Bondholders in respect of all Covered Bonds of whatever Series issued under the Programme by Banca Popolare dell'Alto Adige S.p.A. is created concurrently with the issue and subscription of the Covered Bonds of the first Series to be issued and is governed by these Rules of the Organisation of the Covered Bondholders ("**Rules**").
- 1.2. These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series.
- 1.3. The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds (the "**Conditions**") of each Series issued by the Issuer.

##### **2. DEFINITIONS AND INTERPRETATION**

###### **2.1. Definitions**

In these Rules, the terms below shall have the following meanings:

**"Block Voting Instruction"** means, in relation to a Meeting, a document issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be:

- (a) certifying that specified Covered Bonds are held to the order of the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or under its control or have been blocked in an account with a clearing system and will not be released until a the earlier of:
  - (i) a specified date which falls after the conclusion of the Meeting; and
  - (ii) the surrender to the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, which is to be issued not less than 48 hours before the time fixed for the Meeting (or, if the meeting has been adjourned, the time fixed for its resumption), of confirmation that the Covered Bonds are Blocked Covered Bonds and notification of the release thereof by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, to the Issuer and Representative of the Covered Bondholders certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, that the votes attributable to such Covered Bonds are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;
- (b) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those amounts in respect of which instructions have been given to vote for, and against, each resolution; and
- (c) authorising a named individual to vote in accordance with such instructions;

**"Blocked Covered Bonds"** means Covered Bonds which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Issuer Paying

Agent or the Guarantor Paying Agent, as the case may be, for the purpose of obtaining from the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

**"Chairman"** means, in relation to any Meeting, the person who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules of the Organisation of the Covered Bondholders;

**"Cover Pool"** has the meaning given to it in the Master Definitions Agreement.

**"Event of Default"** means an Issuer Event of Default or a Guarantor Event of Default;

**"Extraordinary Resolution"** means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast.

**"Holder"** or **"holder"** means in respect of Covered Bonds, the ultimate owner of such Covered Bonds.

**"Liabilities"** means losses, liabilities, inconvenience, costs, expenses, damages, claims, actions or demands.

**"Meeting"** means a meeting of Covered Bondholders (whether originally convened or resumed following an adjournment.)

**"Monte Titoli Account Holder"** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quarter* of the Financial Law.

**"Ordinary Resolution"** means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50 per cent. of the votes cast.

**"Programme Resolution"** means an Extraordinary Resolution passed at a single meeting of the Covered Bondholders of all Series, duly convened and held in accordance with the provisions contained in these Rules to direct the Representative of the Covered Bondholders to take action: (i) pursuant to Condition 10(d)(iii) (*Guarantor Event of Default – Breach of other obligation*), or (ii) pursuant to Condition 10(e)(iv) (*Effect of an Acceleration Notice – Enforcement*) or (iii) to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) of the Rules of the Organisation of the Covered Bondholders; or (iv) to direct the Representative of the Covered Bondholders to take other action stipulated in the Conditions or the Programme Documents as requiring a Programme Resolution.

**"Proxy"** means a person appointed to vote under a Voting Certificate as a proxy or a person appointed to vote under a Block Voting Instruction, in each case other than:

- (a) any person whose appointment has been revoked and in relation to whom the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or, in the case of a proxy appointed under a Voting Certificate, the Issuer has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and



- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

**"Resolutions"** means the Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolutions, collectively;

**"Swap Rate"** means, in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in any Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if there is no exchange rate specified or if the Swap Agreement has terminated, the applicable spot rate;

**"Transaction Party"** means any person who is a party to a Programme Document;

**"Voter"** means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or a Proxy named in a Block Voting Instruction;

**"Voting Certificate"** means, in relation to any Meeting:

- (a) a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented; or
- (b) a certificate issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, stating:
- (i) that Blocked Covered Bonds will not be released until the earlier of:
    - (A) a specified date which falls after the conclusion of the Meeting; and
    - (B) the surrender of such certificate to the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be; and
  - (ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds;

**"Written Resolution"** means a resolution in writing signed by or on behalf of one or more persons being or representing the holders of at least 75 per cent of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Covered Bondholders;

**"24 hours"** means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and the places where the Issuer Paying Agent has its Specified Office; and

**"48 hours"** means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the Conditions to which these Rules are attached.

## 2.2. Interpretation

In these Rules:

- 2.2.1. any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the Covered Bondholders;
- 2.2.2. a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Programme Document or to which, under such laws, such rights and obligations have been transferred; and
- 2.2.3. any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

### 2.3. **Separate Series**

Subject to the provisions of the next sentence, the Covered Bonds of each Series shall form a separate Series of Covered Bonds and accordingly, unless for any purpose the Representative of the Covered Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation*) to 24 (*Meetings and Separate Series*) and Articles 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 36 (*Powers to Act on behalf of the Guarantor*) shall apply mutatis mutandis separately and independently to the Covered Bonds of each Series. However, for the purposes of this Clause 2.3:

- 2.3.1. Articles 26 (*Appointment, Removal and Resignation*) and 27 (*Resignation of the Representative of the Covered Bondholders*); and
- 2.3.2. insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 24 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 36 (*Powers to Act on behalf of the Guarantor*),

the Covered Bonds shall be deemed to constitute a single Series and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series and, in such Articles, the expressions "**Covered Bonds**" and "**Covered Bondholders**" shall be construed accordingly.

## 3. **PURPOSE OF THE ORGANISATION**

- 3.1. Each Covered Bondholder, whatever Series of the Covered Bonds he holds, is a member of the Organisation of the Covered Bondholders.
- 3.2. The purpose of the Organisation of the Covered Bondholders is to co-ordinate the exercise of the rights of the Covered Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Covered Bondholders.

## TITLE II

### MEETINGS OF THE COVERED BONDHOLDERS

## 4. **VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS**

- 4.1. A Covered Bondholder may obtain a Voting Certificate in respect of a Meeting by requesting its Monte Titoli Account Holder to issue a certificate in accordance with the regulation issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented; or

- 4.2. A Covered Bondholder may also obtain a Voting Certificate from the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or require the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be) held to its order or under its control or blocked in an account in a clearing system (other than Monte Titoli) not later than 48 hours before the time fixed for the relevant Meeting.
- 4.3. A Voting Certificate or Block Voting Instruction issued pursuant to this Article 4 shall be valid until the release of the Blocked Covered Bonds to which it relates.
- 4.4. So long as a Voting Certificate or Block Voting Instruction is valid, the person named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Monte Titoli Account Holder), the bearer thereof (in the case of a Voting Certificate issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be) shall be deemed to be the Holder of the Covered Bonds to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.
- 4.5. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bonds.
- 4.6. References to the blocking or release of Covered Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of any Relevant Clearing System.

## **5. VALIDITY OF BLOCK VOTING INSTRUCTIONS AND VOTING CERTIFICATE**

A Block Voting Instruction or a Voting Certificate shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Issuer Paying Agent, or the Guarantor Paying Agent, as the case may be, or at any other place approved by the Representative of the Covered Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Covered Bondholders so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holder or Proxy named in a Voting Certificate shall be produced at the Meeting but the Representative of the Covered Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction.

## **6. CONVENING A MEETING**

### **6.1. Convening a Meeting**

The Representative of the Covered Bondholders, the Guarantor or the Issuer may and (in relation to a meeting for the passing of a Programme Resolution) the Issuer shall upon a requisition in writing, signed by the holders of not less than five per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, convene a meeting of the Covered Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting upon requisition by the Covered Bondholders the same may be convened by the Representative of the Covered Bondholders or the holder proposing the requisition. The Representative of the Covered Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Representative of

the Covered Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series, or separate meetings if in its opinion there is a conflict of interest among the holders of the Covered Bonds of the relevant Series, in which event the provisions of this Schedule shall apply thereto *mutatis mutandis*.

## **6.2. Meetings convened by Issuer**

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Covered Bondholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

## **6.3. Time and place of Meetings**

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Covered Bondholders.

Meetings may be held in case Voters are located in different places and are connected via audio-conference or video-conference, provided that:

- a) the Chairman can ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, acknowledge and announce to those Voters the outcome of the voting process;
- b) the person drawing up the minutes can clearly hear the meeting events being the subject-matter of the minutes;
- c) each Voter attending via audio-conference or video-conference can follow and intervene in the discussions and vote the items on the agenda in real time;
- d) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or videoconference equipment.

For the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person drawing up the minutes will be.

# **7. NOTICE**

## **7.1. Notice of Meeting**

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Covered Bondholders and the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Covered Bondholders, or with a copy to the Representative of the Covered Bondholders and the Guarantor, where the Meeting is convened by the Issuer.

## **7.2. Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Covered Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificates for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the regulation issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented, and that for the purpose of obtaining Voting Certificates from the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or appointing Proxies under a Voting Certificate or a Block Voting Instruction, Covered

Bondholders must (to the satisfaction of the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be) be held to the order of or placed under the control of the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

### **7.3. Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Covered Bonds constituting all the Outstanding Principal Amount of the Covered Bonds, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Covered Bondholders are present.

## **8. CHAIRMAN OF THE MEETING**

### **8.1. Appointment of Chairman**

An individual (who may, but need not be, a Covered Bondholder), nominated by the Representative of the Covered Bondholders may take the chair at any Meeting, but if:

- 8.1.1.** the Representative of the Covered Bondholders fails to make a nomination; or
- 8.1.2.** the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

### **8.2. Duties of Chairman**

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and determines the mode of voting.

### **8.3. Assistance to Chairman**

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more-vote counters, who are not required to be Covered Bondholders.

## **9. QUORUM**

### **9.1. The quorum at any Meeting will be:**

- 9.1.1.** in the case of an Ordinary Resolution, two or more persons holding or representing at least one third of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
- 9.1.2.** in the case of an Extraordinary Resolution or a Programme Resolution (subject as provided below), two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to

attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or

**9.1.3.** at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 31.5 (*Obligation to act*) and Article 32.4 (*Obligation to exercise powers*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:

- (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;
- (b) alteration of the currency in which payments under the Covered Bonds are to be made;
- (c) alteration of the majority required to pass an Extraordinary Resolution;
- (d) any amendment to the Covered Bond Guarantee or the Deeds of Pledge (except in a manner determined by the Representative of the Covered Bondholders not to be materially prejudicial to the interests of the Covered Bondholders of any Series);
- (e) the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate, formed or to be formed; and
- (f) alteration of this Article 9.1.3;

(each a "**Series Reserved Matter**"), the quorum shall be two or more persons being or representing holders of not less than two-thirds of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding or, at any adjourned meeting, two or more persons being or representing not less than one-third of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding, *provided that*, if in respect of any Covered Bonds the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be has received evidence that 90 (ninety) per cent. of the Outstanding Principal Amount of Covered Bonds then outstanding is held by a single Holder and the Voting Certificate or Block Voting Instruction so states, then a single Voter appointed in relation thereto or being the Holder of the Covered Bonds thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

## **10. ADJOURNMENT FOR WANT OF QUORUM**

**10.1.** If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:

**10.1.1.** if such Meeting was convened upon the requisition of Covered Bondholders, the Meeting shall be dissolved; and

**10.1.2.** in any other case, the Meeting shall be adjourned (i) until such date (which shall be not less than 14 days and not more than 42 days later) and to such place as the Chairman determines or (ii) on the date and at the place indicated in the notice convening the Meeting (if such notice sets out the date and place of any adjourned Meeting); provided that, in any case:

- (a) a Meeting may be adjourned more than once for want of a quorum; and
- (b) the Meeting shall be dissolved if the Issuer and the Representative of the Covered Bondholders together so decide.

**10.2.** If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Representative of the Covered Bondholders) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Representative of the Covered Bondholders.

## **11. ADJOURNED MEETING**

Except as provided in Article 10 (*Adjournment for Want of Quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## **12. NOTICE FOLLOWING ADJOURNMENT**

### **12.1. Notice required**

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

- 12.1.1.** 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and
- 12.1.2.** the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

### **12.2. Notice not required**

Except in the case of a Meeting to consider an Extraordinary Resolution, it shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for Want of Quorum*).

## **13. PARTICIPATION**

The following categories of persons may attend and speak at a Meeting:

- (i) Voters;
- (ii) the directors and the auditors of the Issuer and the Guarantor;
- (iii) representatives of the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- (iv) financial advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders;

- (v) legal advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders; and
- (vi) any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Covered Bondholders.

#### **14. VOTING BY SHOW OF HANDS**

**14.1.** Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

**14.2.** Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

#### **15. VOTING BY POLL**

##### **15.1. Demand for a poll**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Guarantor, the Representative of the Covered Bondholders or any one or more-Voters, whatever the Outstanding Principal Amount of the Covered Bonds held or represented by such Voter(s). A poll may be taken immediately or after such adjournment as is decided by the Chairman, but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

##### **15.2. The Chairman and a poll**

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

#### **16. VOTES**

##### **16.1. Voting**

Each Voter shall have:

**16.1.1.** on a show of hands, one vote; and

**16.1.2.** on a poll every Voter who is present shall have one vote in respect of each Euro 1,000 or such other amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Covered Bondholders in its absolute discretion may stipulate) in the Outstanding Principal Amount of the Covered Bonds it holds or represents.

##### **16.2. Block Voting Instruction**

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.



### **16.3. Voting tie**

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

## **17. VOTING BY PROXY**

### **17.1. Validity**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked *provided that* none of the Issuer, the Representative of the Covered Bondholders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

### **17.2. Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

## **18. RESOLUTIONS**

### **18.1. Ordinary Resolutions**

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

- 18.1.1.** grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and
- 18.1.2.** to authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

### **18.2. Extraordinary Resolutions**

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

- 18.2.1.** sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders or any of them;
- 18.2.2.** approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Covered Bondholders, the Issuer, the Guarantor, the Covered Bondholders or any of them, whether such rights arise under the Programme Documents or otherwise, and (b) these Rules, the Conditions or of any Programme Document or any arrangement in respect of the obligations of the Issuer under or in

respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Covered Bondholders and/or any other party thereto;

- 18.2.3.** assent to any modification of the provisions of these Rules or the Programme Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Covered Bondholders or of any Covered Bondholder;
- 18.2.4.** direct the Representative of the Covered Bondholders to issue a Notice to Pay as a result of an Event of Default pursuant to Condition 10(a) (*Issuer Event of Default*) or an Acceleration Notice as a result of a Guarantor Event of Default pursuant to Condition 10(d) (*Guarantor Events of Default*);
- 18.2.5.** discharge or exonerate, whether retrospectively or otherwise, the Representative of the Covered Bondholders from any Liability in relation to any act or omission for which the Representative of the Covered Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Programme Document;
- 18.2.6.** waive any breach or authorise any proposed breach by the Issuer, the Guarantor or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Covered Bonds or any other Programme Document or any act or omission which might otherwise constitute an Event of Default;
- 18.2.7.** grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;
- 18.2.8.** authorise and ratify the actions of the Representative of the Covered Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Programme Document;
- 18.2.9.** to appoint any persons (whether Covered Bondholders or not) as a committee to represent the interests of the Covered Bondholders and to confer on any such committee any powers which the Covered Bondholders could themselves exercise by Extraordinary Resolution; and
- 18.2.10.** authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

### **18.3. Programme Resolutions**

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Covered Bondholders to take action (i) pursuant to Condition 10(d)(iii) (*Guarantor Event of Default – Breach of other obligation*) or (ii) pursuant to Condition 10(e)(iv) (*Effect of an Acceleration Notice – Enforcement*) or (iii) to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or (iv) to take any other action required by the Conditions or any Programme Documents to be taken by Programme Resolution.

### **18.4. Other Series of Covered Bonds**

No Ordinary Resolution or Extraordinary Resolution other than a Programme Resolution that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of another Series of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series.

## **19. EFFECT OF RESOLUTIONS**

### **19.1. Binding nature**

Subject to Article 18.4 (*Other Series of Covered Bonds*), any resolution passed at a Meeting of the Covered Bondholders of any Series duly convened and held in accordance with these Rules shall be binding upon all Covered Bondholders of any such Series, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not present at the meeting.

### **19.2. Notice of voting results**

Notice of the results of every vote on a resolution duly considered by Covered Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be (with a copy to the Issuer, the Guarantor and the Representative of the Covered Bondholders within 14 days of the conclusion of each Meeting).

## **20. CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Covered Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

## **21. MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting and entered in books provided by the Issuer for that purpose. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

## **22. WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

## **23. INDIVIDUAL ACTIONS AND REMEDIES**

Each Covered Bondholder has accepted and is bound by the provisions of Condition 16 (*Limited Recourse and Non Petition*) and, accordingly, if any Covered Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her/its rights under the Covered Bond Guarantee (hereinafter, a "**Claiming Covered Bondholder**"), then such Claiming Covered Bondholder intending to enforce his/her/its rights under the Covered Bonds will notify the Representative of the Covered Bondholders of his/her/its intention. The Representative of the Covered Bondholders shall inform the other Covered Bondholders in accordance with Condition 17 (*Notices*) of such prospective individual actions and remedies and invite them to raise, in writing, any objection that they may have by a specific date not more than 30 days after the date of the Representative of the Covered Bondholders' notification and not less than 10 days after such notification. If Covered Bondholders representing 5 per cent. or more of the aggregate Outstanding Principal Amount of the Covered Bonds then outstanding object to such prospective individual actions and remedies, then the Claiming Covered Bondholder will be prevented from taking any

individual action or remedy (without prejudice to the fact that, after a reasonable period of time, the same matter may be resubmitted to the Representative of the Covered Bondholders pursuant to the terms of this Article 23).

## **24. MEETINGS AND SEPARATE SERIES**

### **24.1. Choice of Meeting**

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:

- 24.1.1.** a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
- 24.1.2.** a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
- 24.1.3.** a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
- 24.1.4.** a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
- 24.1.5.** to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

### **24.2. Denominations other than Euro**

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in Euro in the case of any Meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such Meeting or any poll resulting therefrom or any such request or Written Resolution) the Outstanding Principal Amount of such Covered Bonds shall be the equivalent in Euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each Euro 1.00 (or such other Euro amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate) of the Outstanding Principal Amount of the Covered Bonds (converted as above) which he holds or represents.

## **25. FURTHER REGULATIONS**

Subject to all other provisions contained in these Rules, the Representative of the Covered Bondholders may, without the consent of the Issuer, prescribe such further regulations

regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Covered Bondholders in its sole discretion may decide.

### **TITLE III**

#### **THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

#### **26. APPOINTMENT, REMOVAL AND REMUNERATION**

##### **26.1. Appointment**

The appointment of the Representative of the Covered Bondholders takes place by Programme Resolution in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Covered Bondholders which will be Banca Finanziaria Internazionale S.p.A..

##### **26.2. Identity of Representative of the Covered Bondholders**

The Representative of the Covered Bondholders shall be:

**26.2.1.** a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or

**26.2.2.** a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 106 of Italian Legislative Decree No. 385 of 1993; or

**26.2.3.** any other entity which is not prohibited from acting in the capacity of Representative of the Covered Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Covered Bondholders and, if appointed as such, they shall be automatically removed.

##### **26.3. Duration of appointment**

Unless the Representative of the Covered Bondholders is removed by Programme Resolution of the Covered Bondholders pursuant to Article 18.3 (*Programme Resolution*) or resigns pursuant to Article 27 (*Resignation of the Representative of the Covered Bondholders*), it shall remain in office until full repayment or cancellation of all the Covered Bonds.

##### **26.4. After termination**

In the event of a termination of the appointment of the Representative of the Covered Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Covered Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Covered Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Covered Bondholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

##### **26.5. Remuneration**

The Issuer, failing which the Guarantor, shall pay to the Representative of the Covered Bondholders an annual fee for its services as Representative of the Covered Bondholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. Such fees shall accrue from day-to-day and shall

be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when all the Covered Bonds of whatever Series shall have been repaid in full or cancelled in accordance with the Conditions.

## **27. RESIGNATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

The Representative of the Covered Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Covered Bondholders shall not become effective until a new Representative of the Covered Bondholders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the Covered Bondholders has accepted its appointment, *provided that* if Covered Bondholders fail to select a new Representative of the Covered Bondholders within three months of written notice of resignation delivered by the Representative of the Covered Bondholders, the Representative of the Covered Bondholders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the Covered Bondholders*).

## **28. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

### **28.1. Representative of the Covered Bondholders as legal representative**

The Representative of the Covered Bondholders is the legal representative of the Organisation of the Covered Bondholders and has the power to exercise the rights conferred on it by the Programme Documents in order to protect the interests of the Covered Bondholders.

### **28.2. Meetings and resolutions**

Unless any Resolution provides to the contrary, the Representative of the Covered Bondholders is responsible for implementing all resolutions of the Covered Bondholders. The Representative of the Covered Bondholders has the right to convene and attend Meetings (together with its advisers) to propose any course of action which it considers from time to time necessary or desirable.

### **28.3. Delegation**

The Representative of the Covered Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Programme Documents:

**28.3.1.** act by responsible officers or a responsible officer for the time being of the Representative of the Covered Bondholders;

**28.3.2.** whenever it considers it expedient and in the interest of the Covered Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Covered Bondholders may think fit in the interest of the Covered Bondholders. The Representative of the Covered Bondholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, *provided that* the Representative of the Covered Bondholders shall use all reasonable

care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Covered Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

#### **28.4. Judicial proceedings**

The Representative of the Covered Bondholders is authorised to represent the Organisation of the Covered Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

#### **28.5. Consents given by Representative of Covered Bondholders**

Any consent or approval given by the Representative of the Covered Bondholders under these Rules and any other Programme Document may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Programme Documents, such consent or approval may be given retrospectively.

#### **28.6. Discretions**

Save as expressly otherwise provided herein, the Representative of the Covered Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Covered Bondholders by these Rules or by operation of law. The Representative of the Covered Bondholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

#### **28.7. Obtaining instructions**

In connection with matters in respect of which the Representative of the Covered Bondholders is entitled to exercise its discretion hereunder, the Representative of the Covered Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Covered Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Covered Bondholders shall be entitled to request that the Covered Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

#### **28.8. Remedy**

The Representative of the Covered Bondholders may in its sole discretion determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Programme Documents may be remedied, and if the Representative of the Covered Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Covered Bondholders, the other creditors of the Guarantor and any other party to the Programme Documents.

### **29. EXONERATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

#### **29.1. Limited obligations**

The Representative of the Covered Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Programme Documents.

## **29.2. Specific limitations**

Without limiting the generality of the Article 29.1, the Representative of the Covered Bondholders:

- 29.2.1.** shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Covered Bondholders hereunder or under any other Programme Document, has occurred and, until the Representative of the Covered Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or a Guarantor Event of Default or such other event, condition or act has occurred;
- 29.2.2.** shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Programme Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Covered Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Programme Documents are duly observing and performing all their respective obligations;
- 29.2.3.** except as expressly required in these Rules or any Programme Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Programme Document;
- 29.2.4.** shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Programme Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto or request and/or obtain any legal opinion in connection therewith, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
  - (i) the nature, status, creditworthiness or solvency of the Issuer or the Guarantor;
  - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;
  - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
  - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Cover Pool; and
  - (v) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Servicer and the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, or any other person in respect of the Cover Pool or the Covered Bonds;



- 29.2.5.** shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;
- 29.2.6.** shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;
- 29.2.7.** shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Covered Bondholders contained herein or in any Programme Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 29.2.8.** shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Programme Document;
- 29.2.9.** shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Guarantor in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Covered Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 29.2.10.** shall not be under any obligation to guarantee or procure the repayment of the Mortgage Loans contained in the Cover Pool or any part thereof;
- 29.2.11.** shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person;
- 29.2.12.** shall not be responsible for or have any Liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;
- 29.2.13.** shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Programme Document;
- 29.2.14.** shall not be under any obligation to insure the Cover Pool or any part thereof;
- 29.2.15.** shall, when in these Rules or any Programme Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Covered Bondholders, have regard to the overall interests of the Covered Bondholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Covered Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;
- 29.2.16.** shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by

Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 50 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;

- 29.2.17.** shall, as regards at the powers, trusts, authorities and discretions vested in it by the Programme Documents, except where expressly provided therein, have regard to the interests of both the Covered Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between their interests the Representative of the Covered Bondholders will have regard solely to the interest of the Covered Bondholders;
- 29.2.18.** shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Covered Bondholders, any Other Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Covered Bondholders by the Issuer, by the Guarantor or any other person in connection with these Rules, the Covered Bonds or any other Programme Documents, and none of the Covered Bondholders, Other Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Covered Bondholders any such information;
- 29.2.19.** shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interest of the Covered Bondholders if, along with other factors, it has accessed the view of, and, in any case, with prior written notice to, the Rating Agency, and has ground to believe that the then current rating of the Covered Bonds would not be adversely affected by such exercise. If the Representative of the Covered Bondholders, in order to properly exercise its rights or fulfil its obligations, deems it necessary to obtain the valuation of the Rating Agency regarding how a specific act would affect the rating of the Covered Bonds, the Representative of the Covered Bondholders shall so inform the Issuer and the Guarantor, which will have to obtain the valuation at Issuer's expense on behalf of the Representative of the Covered Bondholders, unless the Representative of the Covered Bondholders wishes to seek and obtain the valuation itself;
- 29.2.20.** may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Programme Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Programme Documents shall require the Representative of the Covered Bondholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and
- 29.2.21.** shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Covered Bondholder, any Other Creditor or any other person as a result of any determination, any act, matter

or thing that will not be materially prejudicial to the interests of the Covered Bondholders as a whole or the interests of the Covered Bondholders of any Series.

### **29.3. Covered Bonds held by Issuer**

The Representative of the Covered Bondholders may assume without enquiry that no Covered Bonds are, at any given time, held by or for the benefit of the Issuer or the Guarantor.

### **29.4. Illegality**

No provision of these Rules shall require the Representative of the Covered Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Covered Bondholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or Liabilities which it may incur as a consequence of such action. The Representative of the Covered Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

## **30. RELIANCE ON INFORMATION**

### **30.1. Advice**

The Representative of the Covered Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Covered Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Covered Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic and, in circumstances where in the opinion of the Representative of the Covered Bondholders to obtain such advice on any other basis is not practicable, notwithstanding any limitation of or cap on liability in respect thereof.

### **30.2. Certificates of Issuer and/or Guarantor**

The Representative of the Covered Bondholders may require, and shall be at liberty to accept as sufficient evidence

**30.2.1.** as to any fact or matter *prima facie* within the Issuer's or the Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Guarantor;

**30.2.2.** that such is the case, a certificate of a director of the Issuer or (as the case may be) the Guarantor to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Covered Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

### **30.3. Resolution or direction of Covered Bondholders**

The Representative of the Covered Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Covered Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Covered Bondholders.

### **30.4. Certificates of Monte Titoli Account Holders**

The Representative of the Covered Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented, which certificates are to be conclusive proof of the matters certified therein.

### **30.5. Clearing Systems**

The Representative of the Covered Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Covered Bondholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Covered Bonds.

### **30.6. Certificates of Parties to Programme Document**

The Representative of the Covered Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Programme Document,

**30.6.1.** in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Programme Document;

**30.6.2.** as any matter or fact *prima facie* within the knowledge of such party; or

**30.6.3.** as to such party's opinion with respect to any issue

and the Representative of the Covered Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

### **30.7. Auditors**

The Representative of the Covered Bondholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

## **31. AMENDMENTS AND MODIFICATIONS**

### **31.1. Modification**

The Representative of the Covered Bondholders may at any time and from time to time and without the consent or sanction of the Covered Bondholders of any Series concur with the Issuer and/or the Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the Covered Bondholders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

- 31.1.1.** to these Rules, the Conditions and/or the other Programme Documents which, in the sole opinion of the Representative of the Covered Bondholders, it may be expedient to make *provided that* the Representative of the Covered Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series; and
- 31.1.2.** to these Rules, the Conditions and/or the other Programme Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law; and
- 31.1.3.** to these Rules, the Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Covered Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders.

### **31.2. Swap Basic Term Modification**

Any modification to the Swap Basic Term Modification must be previously approved in writing by the Covered Bond Swap Counterparty. The Covered Bond Swap Counterparty agrees to subscribe any other amendment of the Programme Documents to which is party which have been agreed with the Representative of the Covered Bondholders in accordance with these Rules.

### **31.3. Binding Nature**

Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding upon the Covered Bondholders and, unless the Representative of the Covered Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

### **31.4. Establishing an error**

In establishing whether an error has occurred as such, the Representative of the Covered Bondholders may have regard to any evidence on which the Representative of the Covered Bondholders considers it appropriate to rely and may, but shall not be obliged to, have regard to any of the following:

- 31.4.1.** a certificate from the Joint Arrangers:
  - (i) stating the intention of the parties to the relevant Programme Document;
  - (ii) confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention; and
  - (iii) stating the modification to the relevant Programme Document that is required to reflect such intention; and

**31.4.2.** confirmation from the relevant credit rating agencies that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

### **31.5. Obligation to act**

The Representative of the Covered Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Conditions and/or the other Programme Documents if it is so directed by a Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

## **32. WAIVER**

### **32.1. Waiver of Breach**

The Representative of the Covered Bondholders may at any time and from time to time without the consent or sanction of the Covered Bondholders of any Series and, without prejudice to its rights in respect of any subsequent breach, condition, or event but only if, and in so far as, in its opinion the interests of the holders of the Covered Bonds of any Series then outstanding shall not be materially prejudiced thereby:

**32.1.1.** authorise or waive, any proposed breach or breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Covered Bond Guarantee these Rules or the other Programme Documents; or

**32.1.2.** determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such for the purposes of the Programme Documents, without any consent or sanction of the Covered Bondholders.

### **32.2. Binding Nature**

Any authorisation, or, waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding on all Covered Bondholders and, if the Representative of the Covered Bondholders so requires, shall be notified to the Covered Bondholders and the Other Creditors by the Issuer or the Guarantor, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to Notices and the relevant Programme Documents.

### **32.3. Restriction on powers**

The Representative of the Covered Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by a Programme Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

### **32.4. Obligation to exercise powers**

The Representative of the Covered Bondholders shall be bound to waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Guarantee, these Rules or any of the other Programme Documents or determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such if it is so directed by a Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

### **32.5. Notice of waiver**

If the Representative of the Covered Bondholders so requires, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Covered Bondholders and the Other Creditors, as soon as practicable after it has been given or made in accordance with Condition 17 (*Notices*).

### **33. INDEMNITY**

Pursuant to the Programme Agreement, each Subscription Agreement and other document been agreed between the Issuer and the Relevant Dealer(s), the Issuer, failing which the Guarantor, has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Covered Bondholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (including without limitation legal fees and any applicable value added tax or similar taxes) properly incurred by or made against the Representative of the Covered Bondholders or any entity to which the Representative of the Covered Bondholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to the preparation and execution of these Rules and the Programme Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Covered Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Covered Bondholders pursuant to the Programme Documents against the Issuer or the Guarantor, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Programme Documents except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Covered Bondholders.

### **34. LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Covered Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Programme Documents, the Covered Bonds, the Conditions or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

### **35. SECURITY DOCUMENTS**

#### **35.1. The Deed of Pledge**

The Representative of the Covered Bondholders shall have the right to exercise all the rights granted by the Guarantor to the Covered Bondholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to in this Article 35 as the "**Secured Bondholders**".

#### **35.2. Rights of Representative of the Covered Bondholders**

- 35.2.1.** The Representative of the Covered Bondholders, acting on behalf of the Secured Bondholders, shall be entitled to appoint and entrust the Guarantor to collect, in the Secured Bondholders' interest and on their behalf, any amounts deriving from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Guarantor, to the respective debtors of the pledged claims to make the payments

related to such claims to any account opened in the name of the Guarantor and appropriate for such purpose;

- 35.2.2.** The Secured Bondholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to any such account opened in the name of the Guarantor and appropriate of such purpose which is not in accordance with the provisions of this Article 35. The Representative of the Covered Bondholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deed of Pledge except in accordance with the provisions of this Article 35 and the Intercreditor Agreement.

#### **TITLE IV**

### **THE ORGANISATION OF THE COVERED BONDHOLDERS AFTER SERVICE OF AN ACCELERATION NOTICE**

#### **36. POWERS TO ACT ON BEHALF OF THE GUARANTOR**

It is hereby acknowledged that, upon service of an Acceleration Notice or, prior to service of an Acceleration Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement, the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's rights under certain Programme Documents, including the right to give directions and instructions to the relevant parties to the relevant Programme Documents.

#### **TITLE V**

### **GOVERNING LAW AND JURISDICTION**

#### **37. GOVERNING LAW**

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

#### **38. JURISDICTION**

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.



## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which, subject to any necessary amendments, will be completed for each Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

**[PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Covered Bonds are not intended to be offered, sold, or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (UE) 2016/97, 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 or superseded the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** –The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “**EUWA**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (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 Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

**[MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**) [MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the

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<sup>1</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”

<sup>2</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”

manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET]** –Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**Final Terms dated [•]**

**Banca Popolare dell’Alto Adige S.p.A.**

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

**Issue of [Aggregate Nominal Amount of Series or Tranche] [Description] Covered Bonds due [Maturity Date]**

**Guaranteed by**

**VOBA CB S.r.l.**

*(incorporated with limited liability under the laws of the Republic of Italy and registered at the Companies 'Registry of Treviso-Belluno under registration number 04994460261)*

**under the Euro 3,000,000,000 Covered Bond (Obbligazioni Bancarie Garantite) Programme**

## **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 18 September 2023 [and the supplement[s] to the base prospectus dated [•]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Regulation 2017/1129 (as amended from time to time the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8.2 (a) of the Prospectus Regulation. These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus, [including the supplement[s]] [is/are] available for viewing on the website of the Luxembourg Stock Exchange (www.luxse.com). [This Final Terms will be published on website of the Luxembourg Stock Exchange at www.luxse.com].

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.) [When completing any final terms 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.
  - (i) Series Number: [●]
  - (ii) Tranche Number: [●]
  - (iii) Date on which the Covered Bonds will be consolidated and form a single Series [Not Applicable / The Covered Bonds will be consolidated, form a single Series and be interchangeable for trading purposes with the [Series [●] Tranche [●] Covered Bonds due [●] issued on [●], ISIN Code [●]] on the Issue Date]
2. Specified Currency or Currencies: [Euro/UK Sterling/Swiss Franc/Japanese Yen/ US Dollar/Other]
3. Aggregate Nominal Amount: [●]
  - [(i)] Series: [●]
  - [(ii)] Tranche: [●]
4. Issue Price: [●] % of the aggregate Nominal Amount [plus accrued interest from *(insert date)* *(in the case of fungible issues only, if applicable)*]
5.
  - (i) Specified Denominations: [●][plus integral multiples [●]] in excess thereof (as referred to under Condition 3) *(Include the wording in square brackets where the Specified Denomination is €100,000 or equivalent plus multiples of a lower principal amount.)*
  - (ii) Calculation Amount: [●]
6.
  - (i) Issue Date: [●]
  - (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
7.
  - (i) Maturity Date: [Specify date or *(for Floating Rate Covered Bonds)* Interest Payment Date falling in or nearest to the relevant month and year.]
8.
  - (i) Extended Maturity Date: [Not applicable / Specify date or *(for Floating Rate Covered Bonds)* Interest Payment Date falling in or nearest to the relevant month and year] (as referred to in Condition 7(b))
  - (ii) Extended Instalment Date: [Not Applicable/ Applicable]

9. Interest Basis: ☐ % Fixed Rate
- ☐ +/- *[Margin]* % Floating Rate
- (further particulars specified in [14]/[15]/[16] below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at 100 % at least of their nominal amount]
- [Instalment] [The Covered Bonds shall be redeemed in the Covered Bond Instalment Amounts and on the Covered Bond Instalment Dates set out in paragraph ☐ below.]
11. Change of Interest ☐ / [Not Applicable] [Change of interest rate may be applicable in case an Extended Maturity Date is specified as applicable, as provided for in Condition 7]
12. Put/Call Options: [Not Applicable]  
[Investor Put (as referred in Condition 7)]  
[Issuer Call (as referred in Condition 7)] [(further particulars specified in paragraph [17] below)]
13. [Date of [Board] approval for issuance of Covered Bonds [and Covered Bonds Guarantee] [respectively]] obtained: ☐ [and ☐, respectively]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Covered Bonds Guarantee)*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Provisions** [Applicable/Not Applicable (as referred in Condition 5)]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: ☐ % per annum payable in arrear on each CB Payment Date
- (ii) CB Payment Date(s): ☐ in each year *[adjusted in accordance with ☐ (specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day") / [not adjusted]*
- (iii) Fixed Coupon Amount[(s)]: ☐ per Calculation Amount

- (iv) Broken Amount(s): ☐ per Calculation Amount, payable on the CB Payment Date falling ☐ / ☐ [Not Applicable]
- (v) Day Count Fraction: ☐ Actual/Actual (ICMA)  
☐ Actual/Actual (ISDA)  
☐ Actual/365 (Fixed)  
☐ Actual/360  
☐ 30/360  
☐ 30E/360 or Eurobond Basis  
☐ 30E/360 (ISDA)]
- (vi) Determination Date ☐ in each year/ ☐ [Not Applicable]]  
*(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
15. **Floating Rate Provisions** ☐ Applicable/Not Applicable (as referred to it in Condition 6)]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): ☐
- (ii) Specified Period: ☐  
*(Specified Period and CB Payment Dates are alternatives. A Specified Period, rather than CB Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (iii) Payment Date(s): ☐  
*(Specified Period and Specified CB Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iv) First CB Payment Date ☐
- (v) Business Day Convention: ☐ Floating Rate Convention/Following Business Day Convention/  
☐ Modified Following Business Day Convention/  
☐ Preceding Business Day Convention/  
☐ FRN Convention]

- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination / ISDA Determination]
- (vii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Paying Agent): *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]*
- (viii) Screen Rate Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Reference Rate: [●] month EURIBOR
- Reference Banks: [[●]/Not Applicable]
- Interest Determination Date(s): [●]
- Relevant Screen Page: *(For example, Reuters EURIBOR 01)*
- Relevant Time: *(For example, 11.00 a.m. London time/Brussels time)*
- Relevant Financial Centre: *(For example, Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro))*
- (ix) ISDA Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- (x) Margin(s): [+/-][●] % per annum
- (xi) Minimum Rate of Interest: [●] % per annum
- (xii) Maximum Rate of Interest: [●] % per annum

- (xiii) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360  
30E/360 or Eurobond Basis  
30E/360 (ISDA)]

### PROVISIONS RELATING TO REDEMPTION

16. **Call Option** [Applicable/Not Applicable] (as referred in Condition 7)  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) (If redeemable in part:
- Minimum Redemption Amount: [●] per Calculation Amount
- Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period (if other than as set out in the Terms and Conditions) [●]
17. **Put Option** [Applicable/Not Applicable](as referred in Condition 7)  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]
18. **Final Redemption Amount of each Covered Bond** [●] per Calculation Amount (as referred in Condition 7)

19. **Early Redemption Amount** [Not Applicable/[●] per Calculation Amount] (as referred in Condition 7)

Early redemption amount(s) per [●]  
Calculation Amount payable on  
redemption for taxation reasons or on  
acceleration following a Guarantor  
Event of Default:

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

20. Additional Financial Centre(s): [Not Applicable/[●]]
21. Details relating to Covered Bonds for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/ The Covered Bonds shall be redeemed on each instalment date set out below in the instalment amounts set out below]

Covered Bond  
Instalment Date

[●]

[●]

Maturity Date

Covered Bond  
Instalment Amount

[●]

[●]

[All outstanding  
instalment amounts not  
previously redeemed]

#### **[Third party information]**

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

Signed on behalf of Banca Popolare dell'Alto Adige S.p.A.

By: \_\_\_\_\_

Duly authorised

Signed on behalf of VOBA CB S.r.l.

By: \_\_\_\_\_

Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange/*Other*]/[Not applicable]
- (ii) Admission to trading: Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market/on the Professional Segment of the regulated market] of the [Luxembourg Stock Exchange/*Other*] with effect from [•]/[Not Applicable].

*(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading)*

- (iii) Admission to Luxembourg Green Exchange platform: [Yes/No]
- (iv) Regulated market [Yes/No]
- (v) Professional Segment of the regulated market: [Yes/No]
- (vi) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings:

[Not Applicable]/[The Covered Bonds to be issued [[have been]/[are expected to be]] rated]/[The following ratings assigned to the Covered Bonds of this type issued under the Programme generally:]

[Fitch]: [●] *[Insert brief explanation of the meaning of the rating if this has been previously published by Fitch]*

[[●]:[●]] *[Insert brief explanation of the meaning of the rating if this has been previously published by rating provider]*

*(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

[The credit ratings included or referred to in these Final Terms have been issued by Fitch, established in the European Union and registered under Regulation (EC) No 1060/2009 as amended (the “**EU CRA Regulation**”) As such Fitch is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs>) in accordance with the EU CRA Regulation as of the date of these Final Terms.]

[According to Fitch, the rating assigned to the Covered Bonds may address: (i) the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each CB Payment Date; and (ii) the likelihood of ultimate payment of principal in relation to the Covered Bonds on (a) the Maturity Date thereof or (b) if the Covered Bonds are subject to an Extended Maturity Date in accordance with the applicable Final Terms, the Extended Maturity Date thereof. The ratings that may be assigned by Fitch incorporate both an indication of the probability of default and of the recovery given a default of the relevant Covered Bonds.]

*(Insert the following where the relevant credit rating agency is not established in the EEA)*

*[[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA [but the rating it has given to the Covered Bonds is endorsed by [insert legal name of credit rating agency], which is established in the EEA and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/supervision/credit-rating-agencies/risk-as-being-registered>] / [but is certified]*

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

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

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

**4. Fixed Rate Covered Bonds only - YIELD**

Indication of yield: [●]/[Not Applicable]

**5. Floating Rate Covered Bonds only - HISTORIC INTEREST RATES**

[Details of historic EURIBOR rates can be obtained from [Reuters]/[●]]/ [Not Applicable].

**6. OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

CFI [[●], as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [Not applicable]

FISN [[●], as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [Not applicable]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]

Delivery: Delivery [against/free of] payment

Names and Specified Offices of additional Paying Agent(s) (if any): [●]

Calculation Agent(s) (if any)	[●]
Listing Agent(s) (if any)	[●]
Representative of the Covered Bondholders (if any)	[●]
[Deemed delivery of clearing system notices for the purposes of Condition 17 ( <i>Notices</i> ):	Any notice delivered to Covered Bondholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No][Not Applicable]  [Note that the designation “yes” simply means that the Covered Bonds are intended upon issue to be held in a form which would allow Eurosystem eligibility (i.e. issued in dematerialised form ( <i>emesse in forma dematerializzata</i> ) and wholly and exclusively deposited with Monte Titoli in accordance with article 83-bis of Italian Legislative Decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in article 83- <i>quater</i> of such legislative decree) and does not necessarily mean that the Covered Bonds will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[European Covered Bonds (premium):]	[Applicable] / [Not Applicable]

## DISTRIBUTION

7. (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names and business address*]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give names and business address*]
8. If non-syndicated, name of Dealer: [Not Applicable/*give names and business address*]
9. U.S. Selling Restrictions: [Not Applicable/*Compliant with Regulation S under the U.S. Securities Act of 1933*]

10. [Date of [Subscription] Agreement] or of other contractual arrangement to subscribe the Covered Bonds [Not Applicable/[●]]
11. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]  
*(If the Covered Bonds clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Covered Bonds may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)*
12. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]  
*(If the Covered Bonds clearly do not constitute “packaged” products, or the Covered Bonds do constitute “packaged” products and a key information document will be prepared in the UK “Not Applicable” should be specified. If the Covered Bonds may constitute “packaged” products, “Applicable” should be specified.)*

## PROCEEDS

11. Estimated net amount of proceeds: [●]
12. Use of proceeds: [●][See [“Use of Proceed”] in Base Prospectus]  
*(If use of proceeds is different from what is disclosed in the Base Prospectus, include those use of proceeds here. If the Covered Bonds are Green Covered Bonds describe the relevant projects to which the net proceeds of the Tranche of Covered Bonds will be applied and refer to relevant bond framework.)*

## USE OF PROCEEDS

The net proceeds of the issue of each Series of Covered Bonds will be applied by the Issuer as specified in the applicable Final Terms, either (a) for general funding purposes, or (b) to finance or refinance mortgage loans having the same characteristics as those included in the Cover Pool, or (c) to finance or refinance, in whole or in part, eligible green loans meeting at least one of the eligibility green criteria (the “**Eligible Green Loans**”) as described in the relevant Final Terms and/or in the Issuer’s Green Bond Framework, as amended and supplemented from time to time (the “**Green Bond Framework**”) such Covered Bonds being referred to as “**Green Covered Bonds**”).

In relation to the Green Covered Bonds, the Green Bond Framework is based on the Green Bond Principles published by the International Capital Markets Association in its 2021 edition (the “**Green Bond Principles**”) and is available on the website of the Issuer at <https://www.volksbank.it/it/banca/sostenibilita>. It may be further updated or expanded to reflect updates to the Green Bond Principles and evolutions in the activities of the BPAA. Group. The Green Bond Framework sets out categories of Eligible Green Projects which have been identified by the Issuer as part of priority activity sectors within the context of climate change mitigation.

The Issuer have appointed Sustainable Fitch to provide second party opinion assessing the alignment of the Green Bonds Framework with the Green Bond Principles (the “**Second Party Opinion**”). These Second Party Opinion is be available on the website of the Issuer at <https://www.volksbank.it/it/banca/sostenibilita>.

The Issuer will make available a “Green Bond Allocation Report”, either in a separate report or included in other reports, such as the general “Covered Bonds Investors Report” or the annual “Non-Financial Declaration”, as further described under the Green Bond Framework.

In addition, an impact report about the expected environmental impact of the eligible assets or cover pool will be made available at least on an annual basis, subject to the availability of the relevant data, as further described under the Green Bond Framework.

## THE ISSUER

### OVERVIEW

Banca Popolare dell'Alto Adige *società per azioni* (joint stock company) (the "**Issuer**" or "**Banca Popolare dell'Alto Adige**") is an Italian commercial bank, incorporated and operating under the laws of the Republic of Italy, domiciled in Bolzano which carries out lending and funding transactions and offers a wide range of retail and commercial banking and other financial services to customers in Italy and abroad. The shares of Banca Popolare dell'Alto Adige are not listed on any regulated market.

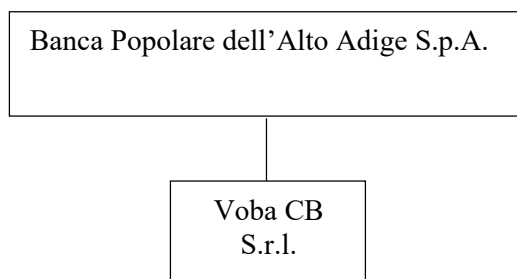
The Issuer provides a wide range of services both to individual and corporate customers, including current and savings accounts, call and time deposits, short- and medium- term loans, the handling of documentary credit and collection, mutual funds and mortgage credit and advice in relation to securities and foreign exchange.

The Issuer's lending to private clients is concentrated on mortgages and personal loans; corporate lending is primarily geared toward small/medium size enterprises located in the north-east regions of Italy, in the provinces of Bolzano, Trento, Belluno, Treviso, Venice, Vicenza, Padova, Pordenone and Udine.

In 2019, the Issuer became the parent company of Banca Popolare dell'Alto Adige banking group (the "**Parent Company**" and the "**Group**", respectively) as a result of the acquisition of the controlling interest in Voba CB S.r.l., a special purpose vehicle (SPV), which is a the guarantor for the covered bonds to be issued by Banca Popolare dell'Alto Adige under the Programme.

The Group is subject to the consolidated banking supervision.

Below is set out a diagram of the organization structure of the Group.



The Issuer is not dependent upon other entities within the Group. The share of Banca Popolare dell'Alto Adige is considerably fragmented and owned by approximately 56.000 shareholders.

### INCORPORATION, DURATION AND REGISTERED OFFICE

The Issuer is incorporated under Italian law as a joint stock company (*società per azioni*) with limited liability based on its issued corporate shares.

Banca Popolare dell'Alto Adige was established on 30 July 1992 following the merger of Banca Popolare di Bolzano (founded in 1902) and Banca Popolare di Bressanone (founded in 1889) according to Italian law No. 218/1990 (*Legge Amato*). In 1995, the Issuer acquired Banca Popolare di Merano (operating since 1886). On 1 April 2015, Banca Popolare di Marostica was merged into Banca Popolare dell'Alto Adige.

The duration of Banca Popolare dell'Alto Adige has been established until 31 December 2100, and may be extended thereafter.

The Issuer is registered with the Companies Register of Bolzano (*Registro imprese di Bolzano*) under the number 00129730214. It is also registered on the Register of banks (*Albo delle banche*) and the Register of banking groups (*Albo dei gruppi bancari*), each held by the Bank of Italy, under the number 5856 and with the Italian Banking Association (*Associazione Bancaria Italiana*) under the number 05856.

Banca Popolare dell'Alto Adige's registered office and principal place of business is located in Bolzano, Via del Macello 55, Italy, e-mail [treasury@volksbank.it](mailto:treasury@volksbank.it), telephone number +39 0471 996 330.

Banca Popolare dell'Alto Adige's Legal Entity Identifier (LEI): 52990033C5FUEN4LMC06

Banca Popolare dell'Alto Adige's website: <https://www.volksbank.it>.

## **OBJECT**

Under its by-laws, the corporate purpose of Banca Popolare dell'Alto Adige is deposit-taking and provision of all forms of lending services. To that end, the Company is focused on expanding its territorial presence through its branch network.

The Company may also, in compliance with all laws and regulations applicable from time to time and subject to obtaining the required authorisations, provide all banking and financial services (including issuing of bonds) and security brokerage and transactions, including activities of mutual benefit, and perform all other transactions instrumental to or in any way related to the achievement by the Company of its corporate purpose, including transactions that may benefit from the "European passport" regime.

In order to pursue its banking objects, the Company may take up membership with associations and consortiums and stipulate agreements both in Italy and abroad.

## **SHARE CAPITAL**

As at 31 December 2022, the Issuer's issued and fully paid up share capital amounted to Euro 201,993,752 divided into 50,498,438 ordinary shares. Shares do not have restrictions or privileges of any kind and each share gives to the holder voting rights (one vote per share) and equal rights for the payment of dividends and redemption of capital, save for 1,533,352 own shares held by the Issuer which do not give voting rights or rights for the payment of dividends.

The shares are issued in dematerialised form on the central depository system in accordance with the laws currently in force.

The shares of Banca Popolare dell'Alto Adige are not listed on any regulated market. From the start of trading on the segment Equity Auction of the Vorvel-MTF (25 September 2017) to the auction of 31 March 2023 2,507,362 shares of the Issuer for a total value of Euro 23,853,555.00 have been traded. Vorvel-MTF (Multilateral Trading Facility recognised by CONSOB), is the market organised and managed by Vorvel Sim S.p.A. and is specialised in trading bank shares not listed on the regulated market.

## **Voting rights and limits**

Each share gives the right to one vote.



Each party entitled to vote may exercise the voting rights without any limitation to the number of shares held.

The right to attend and vote at the shareholders' meetings may also be given by shareholders to persons who are not shareholders of the Issuer. The by-laws of Banca Popolare dell'Alto Adige provide for the possibility to delegate the right to attend and vote at the shareholders' meeting to a proxy appointed by the Board of Directors pursuant to voluntary application of the regulations applicable to the listed companies.

Each proxy may represent up to 200 shareholders.

Members of the Board of Directors or the Board of Statutory Auditors and employees of Banca Popolare dell'Alto Adige or its subsidiary companies may not act with proxy given by shareholders.

## MANAGEMENT

The management of the Issuer comprises the Board of Directors, the Board of Statutory Auditors and the General Manager.

### Board of Directors

The Board of Directors (*Consiglio di amministrazione*) of Banca Popolare dell'Alto Adige is responsible for strategic supervision and oversight of business management and must ensure that the risks to which the Issuer is exposed in its business are properly managed. According to the Issuer's by-laws, the Board of Directors may consist of a minimum of nine and maximum of twelve directors, appointed by the shareholders' meeting for a period not longer than three years and may be re-elected.

The Board of Directors in office at the date of this Base Prospectus is comprised of nine members appointed at an ordinary shareholders' meeting of the Issuer held on 1<sup>st</sup> April 2023 for a term of three years expiring on the approval of the financial statements for the year ending 31 December 2025.

The Board of Directors is vested with ordinary and extraordinary powers regarding the administration of Banca Popolare dell'Alto Adige, except for those powers reserved specifically for the shareholders of the Issuer by Italian laws and the by-laws of Banca Popolare dell'Alto Adige.

The table below sets forth the composition of the Issuer's Board of Directors as at the date of this Base Prospectus and the main positions held by the members of the Board outside the Issuer.

Name	Position	Main positions held outside Banca Popolare dell'Alto Adige
Ladurner Lukas	Chairman	Sole Director of LL INTERNATIONAL S.P.A. Sole Director of Ladurner Group S.P.A. Sole Director of Seehof Vigiljoch Srl Chairman Board of Directors of Societa' Agricola Lagro S.R.L. Chairman BoD of Geobau Srl Chairman BoD of Loex S.R.L. Chairman BoD of Geo Immo ltd Director of Gewerbepark Meran Sued srl Director of Al-Invest Srl Director of Rem-Tec S.R.L. Managing Director of Lg Immobilien S.R.L. Managing Director of Lmc Immobilien S.R.L.

		Managing Director of Bautechnik S.R.L. Director of subsidiary company Bautechnik Green Gmbh (Austria) Director of subsidiary company Teralab srl
Padovan Giuseppe	Deputy-chairman	Mu.Bre. Costruzioni Srl - Joint control with wife Senior partner of Law Firm Studio Plura Director of Aquachiara Srl Standing auditor of Label IT spa Booster srl Under significant influence
Salvà Lorenzo	Deputy-chairman	Senior Partner of Law firm Studio legale Salvà Mellarini De Carlo – Merano BZ Director of SAGE spa Board Director of Merano Tourist Gaia S.r.l. Under significant influence
Marin Margherita	Non-executive, Independent Director	Senior Partner of Inazienda srl società tra professionisti Limited partner of Labordent sas di Narduzzo Alessandro & C. Chairman Board of Statutory Auditors - Calzaturificio S.C.A.R.P.A. spa Legal director Antea srl in liquidation Liquidator of Edilizia Friulana Nord srl - in liquidation
Peer Johannes	Executive Director	Sorriso Sano Srl Subsidiary Signatory of Individual enterprise of Peer Johannes Managing Director/ Director of Obfinim spa Chairman Board of Directors/Managing Director of Sport Alliance International spa Director/Procurator of Sportler spa Director of Meran Centrum Parking AG Managing Director of Lunar Sport srl Director of Dot Wear srl Managing Director of Bergzeit Outdoor GmbH (Germany) Procurator of Bergzeit GmbH (Germany) Procurator of Peak GmbH (Germany)
Gasser Christina	Non-executive, Independent Director	Joint Control of Stuefer&Gasser
Metrangolo Alessandro	Non-executive, Independent Director	Procurator of Blue SGR Spa
Tauber Margit	Executive Director	Deputy Chairman BoD of Südtiroler Kinderdof cooperative society Onlus Deputy Chairman BoD of Thermo-system ltd
Marini Federico	Non-executive, Independent Director	Managing Director of ICOS spa Sole director of ICOS Deutschland GmbH (Germany)

Managing Director of Brainworks Computer-  
Technologie GmbH (Germany)

The business address of each member of the Board of Directors is at the Issuer's registered office in via del Macello 55, I-39100 Bolzano, Italy.

### **General Manager**

Pursuant to the by-laws of the Issuer, the General Manager, as the head of the operating structure, oversees the implementation of the resolutions adopted by the Board of Directors, conducts day-to-day operations and affairs of the Issuer and exercises any other powers conferred on him by the Board of Directors.

As at the date of this Base Prospectus, the General Manager of the Issuer is Mr. Alberto Naef, who joined the Company in 2020. His business address is at the registered office of the Issuer in via del Macello 55, I-39100, Bolzano, Italy.

### **Board of Statutory Auditors**

Under Italian law, the shareholders must appoint a Board of Statutory Auditors (*Collegio sindacale*), to be composed of three standing auditors and two alternate auditors. The Board of Statutory Auditors in charge as at the date of this Base Prospectus was appointed at the ordinary and extraordinary shareholders' meeting of the Issuer held on 30 March 2022 for a term of three years, ending on the date of the shareholders' meeting called to approve the Issuer's financial statements for the year ending 31 December 2024.

The Board of Statutory Auditors is responsible for overseeing the management of the Issuer and verifying compliance of the Issuer with applicable Italian laws and Banca Popolare dell'Alto Adige's by-laws. It is also responsible for ensuring that Banca Popolare dell'Alto Adige's organization, internal auditing and accounting system are adequate and reliable. The Board of Statutory Auditors is required to meet at least on a quarterly basis and is required by law to attend the Board of Directors' meetings and the shareholders' meetings.

The table below sets forth the composition of the Issuer's Board of Statutory Auditors as at the date of this Base Prospectus and the main positions held by the Standing members of the Board outside the Issuer.

<b>Name</b>	<b>Position</b>	<b>Main positions held outside Banca Popolare dell'Alto Adige</b>
Hesse Georg	Chairman	Chairman Board of Statutory Auditors of Roefix Spa Statutory Auditor of Botzen Invest Euregio Finance AG Statutory Auditor of Eisackwerk Rio Pusteria Srl Auditor of Foppa Srl Auditor of Haas I&S Srl Sole Statutory Auditor of Infominds Spa Auditor of Molino Merano srl Statutory Auditor of Roner spa Auditor of Haas Srl Sole Statutory Auditor of Central Parking Spa Chairman Board of Statutory Auditors of Stiftung der

Name	Position	Main positions held outside Banca Popolare dell'Alto Adige
		<p>Bienenkorb</p> <p>Auditor of Mondo Lievito Madre srl</p> <p>Statutory Auditor of Infocloud spa</p> <p>Limited partner of Pelletteria Hesse Sas Di Barbara Hesse &amp; Co.</p> <p>Senior Partner of Hesse &amp; Partner</p> <p>General Partner of Risberg Kg des Georg Hesse</p> <p>Sole Director of Saelen S.R.L</p>
Cazzulani Rosella	Standing Auditor	Statutory Auditor of Coima SGR
Rigo Sabrina	Standing Auditor	<p>Director of Crowe Bompani spa</p> <p>Crowe Bompani Academy spa</p> <p>Chairman Board of Statutory Auditors of Laica spa</p> <p>Standing auditor of Rachael srl</p> <p>Standing auditor of Ritmo spa</p> <p>Auditor of F.V.L. srl</p>
Dapoz Nadia	Alternate Auditor	Consultant of Certified public accountants firm Studio Hager & Partner – Bolzano BZ, Milano MI, Roma RM
Lorenzon Emilio	Alternate Auditor	Partner of Certified public accountants firm Studio Sozietatet Pichler - Dejori - Comploj - Partner - Bolzano BZ

The business address of the members of the Board of Statutory Auditors is at the Issuer's registered office in via del Macello 55, I-39100 Bolzano, Italy.

### Conflicts of interest

Transactions with related parties are governed by the CONSOB (*Commissione Nazionale per le Società e la Borsa*) Regulation No. 17221 dated 12 March 2010 (as amended by the CONSOB's Decisions No. 17389 of 23 June 2010, No. 19925 of 22 March 2017 and No. 19974 of 17 April 2017) ("**CONSOB Regulation 17221**") and the Bank of Italy's Provisions dated 12 December 2011 ("**Bank of Italy Provisions**") on a new oversight framework on risk and conflicts of interest with related parties. The regulatory provisions provide that any transactions, whether or not made for payment, a bank enters into with a related party (as defined by CONSOB in accordance with IAS 24) or with any associated party (which, according to the Bank of Italy, includes related parties and parties having connection to related parties) should be:

- identified;
- monitored in accordance with specific indices and the Bank of Italy's prudent ratios;
- where appropriate, subject to a special decision-making process, and
- notified in compliance with requirements under transparency and accounting rules.

The special conditions of procedure, transparency and quantity established by the Bank of Italy are applicable to related parties transactions and aim to create a system of oversight for transactions with

related parties that can potentially influence the decision-making process when granting financing and when conducting financial negotiations concerning the Issuer which may potentially cause damage to the stability of a bank's capital at the expense of the deposit holders and its shareholders. Under the regulatory framework, company representatives are listed among the parties that could influence the bank's operations. Furthermore, the conflict of interest could also arise in the situations where the Issuer has a significant exposure to one party or when the Issuer holds a substantial interest in any given company.

The regulatory framework requires the banks to adopt appropriate procedures designed to ensure the oversight of transactions with related or associated parties in accordance with their connection with the bank's decision-makers and their relations with each other.

By the resolutions of 25 October 2010 and most recently of 19 May 2023, as amended, the Board of Directors of the Issuer adopted the procedures necessary to ensure compliance with Article 2391-*bis* of the Italian Civil Code, the CONSOB Regulation 17221 and the Bank of Italy Provisions. As of 1 January 2011, any transactions, services or obligations which are or may be deemed risky, regardless of whether such transactions, services or obligations are entered into or performed for payment or a company directly or indirectly controlled by Banca Popolare dell'Alto Adige, with related parties or associated parties will have to be monitored and will be subject to a special decision making and reporting procedure. When the related or associated parties' transactions are deemed to be substantial in light of the regulatory provisions, such transactions must be accounted for in relation to the relevant related party and a connection between the related party and associated parties must be assessed.

As of 1 January 2012, any financing granted to related parties and parties having connection to related parties must not exceed the prudential threshold set forth by the Bank of Italy.

In light of the Issuer's organisation structure as at the date of this Base Prospectus, the following persons are considered to be the parties related to Banca Popolare dell'Alto Adige:

- (a) members of the Board of Directors, members of the Board of Statutory Auditors, the General Manager and his substitute;
- (b) companies controlled by the Issuer or companies over which the Issuer exercises considerable influence or companies under control by a company belonging to the banking group of the Issuer, if and when such banking group is established.

As at the date of this Base Prospectus, the following are considered to be parties connected to the related parties of Banca Popolare dell'Alto Adige:

- (a) companies controlled by a party related to Banca Popolare dell'Alto Adige;
- (b) relatives of up to the 2-degree, spouse (not legally separated) or common-law spouse and children of a spouse/common-law spouse of any related party indicated under letter (a);
- (c) companies, including without legal personality, where parties under letters (a) and (d) hold direct or indirect control or considerable influence.

In 2022, the Issuer did not enter into any atypical transactions with the members of its Board of Directors, where such transactions could have a significant effect on the Issuer's assets. All transactions with the members of the Board of Directors were related to the ordinary activities of the Issuer. Such transactions are regulated in accordance with market standards and with the applicable supervisory authority and company regulations.

The Issuer is not aware of any conflict of interest that exists or may exist between the duties owed to it by the members of the Board of Directors, the Board of Statutory Auditors and the General Manager and their private interests and other duties outside the Issuer and there are no activities performed by the directors of the Issuer outside the Issuer that could be considered significant with respect to the Issuer.

## **INDEPENDENT AUDITORS**

In accordance with applicable Italian laws and regulations, the financial statements of the Issuer must be audited by an independent auditing company appointed by a resolution of the Issuer's ordinary shareholders' meeting and that such appointment must be approved by the Board of Statutory Auditors.

The independent auditors of the Issuer are KPMG S.p.A. ("**KPMG**"), with a registered office at Via Vittor Pisani 27, 20124 Milan, Italy. KPMG is registered on the Register of certified auditors (*Registro dei revisori legali*) held by the Ministry of Economy and Finance ("**MEF**") pursuant to Legislative Decree No. 39 of 27 January 2010. The shareholders' meeting of Banca Popolare dell'Alto Adige appointed KPMG to audit the Issuer's consolidated financial statements for the years 2019 – 2027.

Pursuant to Italian Legislative Decree No. 38 of 28 February 2005 (as amended by Article 1, paragraph 1070 of Law No. 145 of 30 December 2018), Italian banks, which have securities admitted to trading on a regulated market, are required to prepare, starting from annual financial statements as at and for the year ended 31 December 2006, their non-consolidated annual financial statements in accordance with International Financial Reporting Standards issued by the IASB (International Accounting Standards Board) ("**IFRS**") and as adopted by the European Union. Financial statements of the Issuer prepared before such date were prepared in accordance with Legislative Decree No. 87 of 27 January 1992 and with the generally accepted accounting principles in Italy issued by the *Consiglio Nazionale dei Dottori Commercialisti e degli esperti contabili* ("**Italian GAAP**").

## **ORDINARY SHAREHOLDERS' MEETINGS**

Pursuant to Article 11 of the Issuer's by-laws, the ordinary shareholders' meeting of Banca Popolare dell'Alto Adige is called at least once a year within 120 days of the end of the Issuer's fiscal year.

The shareholders' meeting is held in general on a single call.

The publication of a notice of shareholders' meeting has to comply with the requirements established by law and regulations applicable from time to time.

The notice of call is published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale*) or in one of the two national daily newspapers "*Il Sole 24 Ore*" or "*Milano Finanza*" at least 20 days prior to the date proposed for the shareholders' meeting.

When held on a single call, the ordinary shareholders' meeting is deemed to be duly constituted irrespective of the portion of the share capital represented and the resolutions are passed with the favourable vote of the absolute majority of the share capital represented at the meeting.

Multiple calls are defined by Article 16, paragraph 2 and Article 17, paragraph 2 of the Issuer's by-laws.

The resolutions of the shareholders' meeting are adopted by an open vote.

## **FISCAL YEAR**

The fiscal year of the Issuer is the calendar year.

## BRANCHES

As at 31 December 2022, the Issuer had a network of 167 branches located in the Italian northeast provinces of Bolzano, Trento, Belluno, Treviso, Vicenza, Padova, Pordenone and Venice (as compared to 177 branches as at 31 December 2021).

## EQUITY INVESTMENTS

As at the date of this Base Prospectus, Banca Popolare dell'Alto Adige is the Parent Company of the Group.

## COMPANIES CONTROLLED BY THE ISSUER

Company name (*)			Registered Office	Activity	Total assets	Stake
<i>(euro thousands)</i>						
Voba Invest S.r.l. in liquidazione			Bolzano	Private Equity	2,106	100%
Valpolicella Agricola S.r.l.	Alta	Società	Bolzano	Vineyards cultivation	2,823	100%
Quartiere Brizzi S.r.l.			Bolzano	Real estate development company	8,967	100 %
Voba CB S.r.l.			Conegliano	Special Purpose Vehicle	67	60%

(\*) The figures for the equity investments are derived from the Issuer's financial statements as at and for the year ended 31 December 2022.

## RATING

The rating agencies Standard & Poor's ("**S&P**"), Fitch Ratings ("**Fitch**") and DBRS Ratings Limited ("**DBRS**") currently assign ratings to the Issuer.

### *S&P*

On 28 March 2023, following the conclusion of the annual rating review, S&P affirmed the "BB+" long-term rating of Banca Popolare dell'Alto Adige as well as the outlook "stable". At the same time, it confirmed the "B" creditworthiness rating for the short term.

On 19 May 2023, S&P revised the outlook of Banca Popolare dell'Alto Adige to "positive" from "stable" and affirmed the 'BB+/B' long- and short-term issuer credit ratings. This rating action follows the agencies' changed view of a positive trend for the economic risks Italian banks face and reflects its view that in the following 12-24 months the creditworthiness of Banca Popolare dell'Alto Adige could improve.

S&P could consider an upgrade if it concludes that the bank's creditworthiness has strengthened and is consistent with other banks rated investment grade. In the agency's view, this would most likely happen if it perceived that economic risks faced by Italian banks have diminished, resulting in our projections on Banca Popolare dell'Alto Adige's RAC ratio sustainably exceeding the 7% threshold

over the next two years and the bank's asset quality metrics remain resilient to the remaining macroeconomic uncertainty, and operating efficiency improves.

S&P would revise the outlook back to stable if it became less confident about the positive effects of Italy's economic performance on Banca Popolare dell'Alto Adige's creditworthiness.

S&P Global Ratings Europe - Italian Branch is established in the European Union and registered under the CRA Regulation.

#### *Fitch Ratings*

On 29 March 2023, Fitch Ratings affirmed the "Long-Terms Issuer Default Rating" of Banca Popolare dell'Alto Adige as "BB+/stable" and the "Short-Term Issuer Default Rating" as "B".

The rating assigned to the Issuer by Fitch takes into consideration the bank's business model as a regional bank with an adequate funding from a stable deposit franchise. In the agency's view, the asset quality is improving but remains weaker than the domestic industry average.

In the agency's view, there is limited scope for an upgrade given Banca Popolare dell'Alto Adige's moderate business profile, unless it manages to improve operating profit above 2% of risk-weighted assets (RWAs) on broader business diversification and structurally reduces its impaired loans ratio below 4%, while maintaining a CET1 ratio at least close to current levels.

In the opinion of Fitch, Banca Popolare dell'Alto Adige's ratings have headroom to absorb expected modest asset quality deterioration. However, the ratings could be downgraded if the economic slowdown, combined with raising rates and inflation, results in the impaired loans ratio rising above 8%, especially if it results in capital encumbrance by unreserved impaired loans increasing substantially on a sustained basis. A downgrade would also occur if the bank's structural operating profitability deteriorates materially.

Fitch Italia S.p.A. is established in the European Union and registered under CRA Regulation.

#### *DBRS Morningstar*

On 16 May 2023, DBRS Morningstar confirmed Banca Popolare dell'Alto Adige's "Long-Term Issuer Rating" of "BBB (low)/trend stable" and the "Short-Term Issuer Rating" of "R-2 (middle)".

In the rating agency's view, the confirmation of the ratings and the Stable trend take into account the Bank's stable franchise in its home region of Trentino-Alto Adige, its stable funding and liquidity position, as well as progress in reducing its stock of non-performing loans (NPLs) and in improving profitability. In the rating agency's opinion, Banca Popolare dell'Alto Adige has continued to reduce its NPLs, and the formation of new bad loans has remained manageable to date. Nonetheless, asset quality metrics still remain relatively weak by international standards. In addition, the current environment poses risks to asset quality due to higher interest rates, high inflation, and weaker economic prospects. The ratings also take into consideration the concentration risk arising from Banca Popolare dell'Alto Adige's sizeable exposure to Italian government bonds.

The ratings also consider that the Bank's underlying profitability, despite having improved in 2022, remains modest and constrained by low revenue diversification and modest operating efficiency. DBRS expects higher interest rates to support revenue generation in 2023. This will likely offset the pressure from higher funding costs and risks to asset quality.

DBRS Ratings GmbH is established in the European Union and registered under CRA Regulation.



## LITIGATION

In the ordinary course of its business activities as a financial institution, the Issuer is involved in various legal proceedings both as claimant and as defendant. Such proceedings are managed in accordance with principles of ordinary diligence and care.

## CAPITAL ADEQUACY

The Bank of Italy has adopted risk-based capital ratios pursuant to the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institution and investment firms ("**CRD IV**") and the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**" and together the "**Capital Adequacy Directives**"), Italy's current requirements are similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Supervision. The capital ratios consist of core (Tier 1), which consists of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT1), and supplemental (Tier 2) capital requirements relating to Banca Popolare dell'Alto Adige's assets and certain off-balance sheet items weighted according to risks ("**risk-weighted assets**").

Under the Bank of Italy's regulations, as of 6 April 2023, Banca Popolare dell'Alto Adige is required to maintain a total capital ratio (the ratio of total capital to total risk-weighted assets) of 12.00 per cent (on a non-consolidated basis), which is composed of a binding 9.25 per cent. (of which 8 per cent. as a result of the mandatory minimum requirement and 1.50 per cent. as a result of additional requirements determined by the SREP outcome) and for the remaining part by the capital conservation buffer component and a target component in view of a higher risk exposure under stress conditions equal to 1.00% (Pillar 2 Guidance).

The following table shows the composition of the Banca Popolare dell'Alto Adige's Regulatory Capital, as established by the Bank of Italy's rules, on a non-consolidated basis as at 30 June 2023, 31 December 2022 and 31 December 2021:

	30/06/2023	31/12/2022	31/12/2021
	(Unaudited)	(Audited)	(Audited)
	(euro thousands)		
Total Common Equity Tier 1 Capital (CET1)	820,495	805,615	815,725
Tier 2 Capital	100,000	100,000	130,000
Items for deduction	0	0	0
Total own funds	920,495	905,615	945,725
Capital to cover market risk	579	315	635
Capital to cover credit and counterparty risk	397,888	389,737	375,702
Capital to cover other risks	0	0	0
Capital to cover operational risk	42,806	42,806	38,813
Total prudential requirements	441,272	432,858	415,150

Free capital <sup>(1)</sup>	479,222	472,757	520,470
Risk-weighted assets (RWA)	5,515,902	5,410,721	5,189,379
Common Equity Tier 1 capital/Risk-weighted assets (CET1 capital ratio)	14.88%	14.89%	15.52%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	14.88%	14.89%	15.52%
Total own funds/Risk-weighted assets (Total capital ratio)	16.69%	16.74%	18.03%

(1) Free capital represents the capital available for investments in fixed assets or equity investments.

## LOANS AND FUNDING

The following table provides a breakdown of the Issuer's non-consolidated loan portfolio as at 31 December 2022 and 31 December 2021 according to category of debtor and type of loan:

	31.12.2022 (Audited)	31.12.2021 (Audited)
	Value (euro thousands)	Value (euro thousands)
<b>Current accounts and on demand deposits</b>		
Current accounts and on demand deposits at Central banks	975,054	-
Current accounts and on demand deposits at banks	4,792	3,473
<b>Total current accounts and on demand deposits</b>	<b>979,846</b>	<b>3,473</b>
<b>Loans to Banks</b>		
Due to central banks	87,462	1,597,646
Deposits	50	50
Other	-	-
Structured securities	11,197	1,000
Other debt securities	82,882	48,986
<b>Total loans to banks</b>	<b>181,591</b>	<b>1,647,682</b>
<b>Loans to customers</b>		
Current accounts	778,860	757,266
Mortgages	5,833,001	5,813,084
Credit cards, personal loans and salary-backed loans	76,112	106,051
Repurchase agreements	-	-
Receivables represented by securities	-	-
Non performing loans	167,887	205,937
Other	500,654	502,153
Structured securities	19,355	22,001
Other debt securities	2,957,599	2,880,769
<b>Total loans to customers</b>	<b>10,333,468</b>	<b>10,287,261</b>

<b>Total loans</b>	<b>10,515,059</b>	<b>11,934.943</b>
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## LIQUIDITY AND FUNDING RATIOS

The table below sets forth the liquidity and funding ratios of Banca Popolare dell'Alto Adige as at 30 June 2023, 31 December 2022 and 31 December 2021.

	<b>30/06/2023</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<i>(euro million)</i>		
Deposits from government / central banks	1,450.1	2,458.7	2,476.4
Deposits from other banks	153.4	170.0	192.5
Direct deposits and current accounts	8,397.2	8,345.1	8,146.1
Repos	74.3	278.8	671.4
Other funding	79.5	77.4	74.7
Debt securities in issue, trading and FV liabilities	404.5	399.9	436.3
<b>Total</b>	<b>10,559.0</b>	<b>11,729.9</b>	<b>11,997.4</b>
LCR (*)		229%	235%
NSFR (**)		137%	137%

(\*) The LCR of the Issuer amounted to approximately 241% as at 30 June 2023.

(\*\*) The NSFR of the Issuer amounted to approximately 130% as at 30 June 2023.

## NON-PERFORMING LOANS

The following table sets out non-consolidated information on the Issuer's non-performing loans at amortized cost (where the borrower is insolvent or in a comparable position, regardless of any forecast or actual losses, excluding off-balance sheet exposure) as at 30 June 2023, 31 December 2022 and 31 December 2021:

	<b>30/06/2023</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<b>Value</b>	<b>Value</b>	<b>Value</b>
	<i>(euro thousands)</i>	<i>(euro thousands)</i>	<i>(euro thousands)</i>
Non-performing loans, nominal	358,165	384,430	448,001
Provisions	205,140	216,543	242,064
Non-performing loans, net	153,025	167,887	205,937

## LOAN LOSSES AND PROVISIONS

The following table sets out non-consolidated information on the Issuer's loan losses and provisions as at 30 June 2023, 31 December 2022 and 31 December 2021 (excluding off-balance sheet exposure):

	<b>30/06/2023</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>(euro thousands)</i>		
Total loans to customers, net exposure	7,750,182	7,442,401	7,466,817
Write-downs effected against loans and allocations for guarantees and commitments	94,455	82,821	88,849
Total provision for loan losses	300,515	299,365	330,913
Write-downs as percentage of loans to customers(*)	1.22%	1.11%	1.19%
Total provision for loan losses as percentage of loans to customers (*)	3.88%	4.02%	4.43%

(\*) For the purpose of calculating the ratio, loans to customers include the total provision for loan losses.

## OFF BALANCE SHEET EXPOSURE

The following table sets out non-consolidated information regarding the Issuer's off-balance sheet exposure as at 31 December 2022 and 31 December 2021:

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<i>(Audited)</i>	<i>(Audited)</i>
	<b>Value</b>	<b>Value</b>
Impaired off balance sheet exposure, nominal	44,109	20,832
Other off balance sheet exposure, nominal	2,930,798	3,496,602
Portfolio adjustments	0	0
Impaired off balance sheet exposure, net	35,806	15,412
Other off balance sheet exposure, net	2,929,271	3,494,392

## STRATEGY

In December 2020, the Board of Directors of the Issuer approved the new Strategic Plan "Sustainable 2021-2023". In the second quarter of 2021, the plan was updated from a quantitative perspective on the basis of the new macroeconomic and sectoral scenarios (based on conservative and realistic assumptions).

The Strategic Plan "Sustainable 2023" of the Banca Popolare dell'Alto Adige is based on 7 pillars. It is geared towards autonomous growth and sustainable development of the bank in the Northeast of Italy. Volksbank continues to be a clear point of reference in the region and, with the new plan, aims to further increase market share and the number of customers. Supporting customers' financial needs is based on excellence and speed of service, as well as on a renewed and expanded range of products and services, also from a digital point of view.

Vision of the bank in 3-5 years:

- sustainable bank, focused on retail and SME segments, with excellence in customer relations, relevant in the Northeast
- facilitator of transformation for community economies

Strategic focus of the 7 pillars:

- *Virtuous growth of volumes & customers:*
  - *Commercial strategy: greater diversification between historical market and acquisition market:*
    - *historical market: generalist bank with customer centric approach*
    - *acquisition markets: more selective "product based" policies to grow faster*
  - *Product boost:*
    - *confirmation of "first home mortgage" as anchor product*
    - *relaunch of asset management with a differentiated model of 3 advisory levels*
    - *confirmation and acceleration of bancassurance strategy*
    - *new strategy on personal finance and salary-backed loans to boost commissions (new partnership and strong commercial drive)*
  - *Credit strategy:*
    - *stronger focus on loans with state guarantees (RWA optimisation) and subsidised loans*
    - *preference for loans with strong territorial connection*
    - *preference for loans linked to sustainable investments (ESG)*
    - *confirmation and further development of sectoral specialisations (e.g. manufacturing, tourism, agriculture)*
- *Digital native omnichannel:*
  - *Innovation in proposing customer services: strong focus on "remote signature", Digital onboarding, off-site offer (customer advisor in mobility);*
  - *Digitisation of the operating procedures for the sale and management of products/services*
  - *Confirmation of the strategy to physically be present into the territory through the branches, in a variety of formats (hub, spoke, light, specialized)*
  - *Greater focus of the commercial network on value-added activities of a consultative nature*
  - *Investments in factors enabling advanced customer management, data governance, CRM, campaign management*
  - *Payments: implementation of the optimisation projects "Issuing" & "Acquiring"*
- *Sustainability:*

- *Culture: changing the attitudes of the Bank's employees and awareness of sustainability issues with a positive impact on the quality of life in the company*
- *Lending: disbursement of ~€1bn in green home loans (when fully implemented) and in loans to companies with high ESG rating*
- *Funding: Adoption of a sustainable-friendly approach with issuing a green bond*
- *Managed deposits: Objective of achieving 80% of new subscriptions of*
- *subscriptions of funds rated MSCI  $\geq A$  and 35% of the stock with an MSCI rating  $\geq AA$*
- *Implementation of SRI investment strategies for the Bank's securities portfolio*
- *"Carbon neutrality" as target with a variety of initiatives; paperless & plastic free policies*
- *Asset quality and "capital light" banking:*
  - *Continuation of deleveraging activities and reduction of the cost of risk through the disposal of NPL portfolios*
  - *"Capital light banking":*
    - *optimisation of capital absorption by actively managing the risk profile*
    - *Full exploitation of SME supporting factor and RWA optimisation on personal finance*
    - *Increase of state guarantees of unsecured loans*
  - *Revision of the process of granting credit to private and corporate customers*
- *Process efficiency:*
  - *Digitisation focus of the core IT-processes: (i) Loans (i.e. review of the rating system, review of origination processes, etc.); (ii) Transactional (i.e. simplified sale of basic products); (iii) Investments (i.e. administration of the MIFID questionnaire).*
  - *IT-System: renegotiation of the main IT outsourcer with the goal of a significant cost saving and new implementation approach (co-creation & cost sharing)*
  - *Cost management: reduction of the "other administrative expenses" with a stronger re-negotiation approach (i.e. less cost owners, single buyer);*
  - *New service model: characterized by a lower degree of organizational complexity and simplification of interactions between the customer and the Bank*
- *Management & Risk Control System*
  - *Credit risk: new process of credit monitoring and early warning system; further development of the rating system*
  - *Human Capital:*
  - *Review of the Internal Control System, with the aim of equipping the Bank with more effective and automated detection systems*
  - *AML: Revision of the current anti-money laundering process in relation to both the operational profile and the new clients that will be acquired*
  - *MIFID: new profiling process of the Bank's customers*
- *Human Capital (HR)*
  - *Skills development / training:*
    - *preparation of standard and customised training plans and identification of internal tutors*
    - *Constant training focus on consultancy and sales, developing specialist skills, and strengthening soft skills.*

- *Preparation of managerial programmes aimed at developing problem-solving and decision-making capacities*
- *Programmes aimed at improving the strategic vision and mindset of the bank*
- *Talent management: mechanisms for job retention, employer branding (i.e. job rotation, advanced training) and training) and career paths.*

## **CREDIT RISK MANAGEMENT AND RECOVERY POLICIES**

### **Organisational issues**

Credit risk is the risk of incurring losses due to a default by counterparty or the risk that a debtor or counterparty fails to meet its financial obligations (more in particular, failure to make a full repayment of loans). This is one of the main risks that the Issuer faces. The risk affects all financial activities of the Issuer, in particular loans, securities, and all committed facilities in relation to guarantees issued or funding for distribution commitments. The analysis and assessment of credit risk mainly involves the quality and reliability of debtors and risk concentration.

Under the Issuer's internal rules and procedures on credit management, risk assessment is based on the principles of prudence. The full documentation that is required for an appropriate assessment of a debtor's creditworthiness is obtained at the time when a loan application is made. The documentation obtained must permit an assessment of the appropriate level of the amount and type of the loan as well as the project for which the loans is required. It must also permit a determination of the debtor's characteristics and qualities, taking into consideration of the dealings the debtor has and/or had with Banca Popolare dell'Alto Adige in the past, taken as a whole.

Pursuant to Title IV, Chapter 5 of the Supervisory Instructions (Istruzioni di Vigilanza) of the Bank of Italy, where there are connections of a legal or financial nature between customers of the Issuer, such customers are to be grouped together in terms of the risk they represent as a group (an economic group or a risk group).

At the time a loan is granted or renewed, there is an obligation to examine the current risks the applicant represents to the Issuer, and that of any group with which such applicant is connected.

When customer risk increases, the aim of credit management is to contain the Issuer's risk by promptly implementing all such measures that may be necessary or required.

In order to maintain correct and prudent credit management, in accordance with the Supervisory Instructions (Title IV, Chapter 11, Section II), Banca Popolare dell'Alto Adige has introduced appropriate systems for the identification, measurement and control of risks. In addition, a well-structured internal framework, which is regularly checked to ensure its efficiency, is in place to clearly define activities, roles and responsibilities of relevant persons at the Issuer during all phases of the loan process and to ensure the necessary separation between operational and control functions.

These controls form an integral part of the Issuer's daily activities and can be divided into the following three categories:

- *line controls*: carried out by the management of the organisational unit of the retail network (in particular, through limit excess and unpaid instalment verification performed by branches by means of special procedures and periodic progress report analysis) and by services functionally

dependent on the credit management department (offices responsible for credit assessment and the non performing loans analysis department);

- *special monitoring*: carried out by the second level independent control functions, i.e. risk management and compliance. The risk management function is in charge of carefully monitoring credit risk by seeking to establish methods for measuring risk, ensuring that limits imposed are strictly complied with and that transactions are carried out consistently. The compliance function is responsible for ensuring that internal procedures are consistent with the aim of preventing violations of laws and regulations and/or internal regulations adopted by Banca Popolare dell'Alto Adige;
- *audits*: performed by the internal audit department as part of its on-site and remote auditing duties, for the purpose of verifying credit quality, the accuracy of procedures, and well informed decision-making by the relevant departments responsible for allocating and managing credit.

### **Management, measurement and monitoring systems**

The lending process has the following structure:

- granting of a loan, which comprises: application, review, approval, completion of loan and any security to be provided;
- credit management, which comprises: drawings, monitoring, loan reviews, irregular loan management; and
- management of non-performing loans and credit recovery.

The first and most important stage in measuring and managing credit risk takes place at the time the loan is granted and, in particular, during initial application process, when the persons involved are identified, the documentation is gathered and reviewed, the various databases consulted and the offer drawn up.

The application procedure is supported by different forms of information technology and different skilled personnel structures depending on the kind of customer involved (private individuals, small businesses or corporate clients). In any case, the decision whether to grant the loan is made by the branch or local area if the sums do not exceed certain thresholds and by the Issuer's central bodies when amounts of the loan exceed the predefined thresholds; information technology is used to make an assessment of creditworthiness of the applicant at the time new loans are granted using both internal and external information sources.

Notwithstanding the above, the Board of Directors retains full discretion with regard to the risks that may be accepted; the Chairman has certain powers reserved to him by the Issuer's by-laws and the Executive Committee is vested with certain powers to address the urgent matters. The maximum credit limit that can be agreed for a business group, individual counterparty that is not a bank or a member of a banking group is established as 10 per cent. of the Own Funds ("*Fondi Propri*") (Euro 905.6 million as at 31 December 2022).

Among the credit risk monitoring and management tasks, the internal rating system is particularly important as it allows credit managers to verify developments in customer credit ratings and identify



positions under their control that show a reduction in the rating. This system is based on a scoring system which gives the customer a ranking based on a sliding scale of credit quality. Its calculation is based on performance indicators regarding the loan and various information from the Issuer's computer systems which enable any variation in the level of risk associated with the counterparty to be detected. The data management by the internal rating system is subject to constant analysis and verification by the Risk Management Office, particularly to measure and verify the system's predictive capacity for all customer types by means of appropriate statistical approaches.

The process to monitor credit is also guaranteed over the long-term by an automatic classification system for irregular positions (GDC, Credit Management), which uses an early warning engine to detect any substandard situations, starting from the performance rating and a series of daily indicators. In addition to the usual risk classes for impaired credit established by the supervisory body (past-due, unlikely-to-pay, forborne and doubtful loans), the system also provides three classes for performing customers:

- loans under observation are those that show minor and/or repeated irregularities. Network managers are in charge of managing and monitoring such loans;
- medium risk loans are loans that continuously and repeatedly show performance-type irregularities (credit limit exceeded, instalments in arrears, high percentage of overdue bills, etc.), in the risk centre (reduction in notifying banks, short-term loan consolidation) or in the financial statements and for which payment is expected within 12 months after qualitative and quantitative processing of the loan;
- high risk loans are loans with significant overdrafts / arrears of more than 30 days (pre past due), with particular events that have occurred, with a significant increase in credit risk, but without further risk of insolvency and / or without risk of loss and where a regularization / normalization within 12 months through a qualitative and quantitative reworking of the position.

### **Deteriorated financial activities**

Loans exhibiting particularly serious negative signs or events are classified as impaired, and in turn allocated to one of the following categories according to level of impairment:

- *doubtful loans*: payments due from bankrupt entities, even if bankruptcy has not yet been officially confirmed, or those entities that are in essentially equivalent position, are classified as doubtful; as a result of such classification legal or other action is taken to settle or recover the exposure;
- *unlikely-to-pay loans*: loans which demonstrate ongoing irregularities in performance (persistent overdrafts, instalments in arrears, zero movement, etc.), system-related/Bank of Italy's Central Credit Bureau (doubtful loans reported by the banking system without adequate justification), negative information (property actions, injunction orders, seizure, mortgage foreclosure, etc.), drastic deterioration in the financial and/or profitability or financial statements position, lack of funds for reimbursement, from which it could be presumed that the debtor is in real difficulty, also with the risk of insolvency, that could however be recovered in a reasonable period of time. Also under this category are all the positions which the Issuer considers it recommendable to allocate funds to a provision for risks (loss forecast);

- *forborne*: loans due from borrowers experiencing financial difficulty in meeting their financial commitments and for which the Issuer, in accordance with the regulatory provisions, grants concessions (such as restructuring of debt, extending the loan term, suspension of instalments/principal portions, reducing the interest rate or relevant fees payable on the loan, etc.). This category may cover exposures of performing (performing exposures with forbearance measures) and non-performing (non-performing exposures with forbearance measures) status;
- *past due*: positions the payment on which, in accordance with the Bank of Italy's Circular No. 285 dated 17 December 2013 (as amended) remains due and payable for more than 90 continuous days and where the exposure is higher than 1 per cent. of the overall exposure in the observation period.

Alongside the sales network impaired credit not classified as doubtful debt is also monitored by the Anomalous Loans Analysis Service with the aim of insolvency prevention.

Specifically, the steps to be taken for positions included in the watch list are as follows:

- immediate review of the position and any related positions (guarantor, affiliated, partner, associated companies), updating the relevant documentation and any estimates on guarantees granted;
- review of the relevant terms in order to assess the debtor's deteriorated risk profile;
- verification of the quality and total amount of guarantees issued;
- setting-up of a restructuring plan with the aim of turning around the position and improving guarantees through the definition of a detailed recovery plan submitted to the appropriate internal body for decision.

The Issuer's management of doubtful loans and credit collection is handled by the Doubtful Loans Service, a department which for the purpose of taking legal actions resorts to specialist internal department and a dedicated IT procedure for accounting procedures.

Debt collection activity is a proactive process and aims to optimize legal proceedings and maximize the financial end result. In particular, with regard to assessment of the initiatives to be taken, in-house legal advisors give preference to out-of-court procedures, often with recourse to settlement agreements, which have a positive impact on collection times and the level of costs. Where out-of-court settlements cannot be carried out in a reasonable timeframe, especially for more significant positions and positions in which a higher level of collection can be expected, external legal advisors are appointed to commence legal actions which always constitutes a valid and fundamental coercive means to the debtor and a tool to resolve litigation. Credit that is minimal, irrecoverable or difficult to collect is generally treated en-masse and become subject of disposal transactions without recourse, given that legal action would be considered uneconomic in cost-benefit terms, or is assigned to a specialist credit collection company.

For the financial statements the value adjustments for performing and impaired loans are calculated according to current regulatory provisions and in such a way so as to obtain a valuation that is as prudent and as conservative as possible. In particular, unlikely-to-pay positions with exposures above Euro 100,000 and all the doubtful loans are subject to analytical assessment that is aimed to define provisions for expected losses. For each position, and for each relationship within the position, the

extent of the expected loss is analytically calculated on the basis of debtor solvency, the type of guarantee, the current status of proceedings taken and, above all, on the value of the guarantees. The estimates are always calculated using maximum prudence criteria and performed or validated by qualified internal personnel, organizationally independent of the credit disbursement/assessment/collection processes. In addition, these always take into account the need to sell the asset immediately and, according to IFRS 9, are subject to cash discounting criteria.

The correct implementation of doubtful loans management and assessment activity is furthermore ensured by periodic audits performed through the internal auditing processes, and externally by the Board of Statutory Auditors and independent auditors.

## **Financial Risk Management**

Market risk is defined as the risk of loss on owned financial instruments from possible fluctuations in financial market variables (rates, volatility, exchange rates, share prices), considering that each individual financial instrument may be exposed to one or more of these risks. Banca Popolare dell'Alto Adige, therefore, defines market risk as changes in the value of instruments due to market fluctuations.

The internal market risk control and management processes (interest rate and pricing) are contained in the "Investment Policy" and the "*Policy on operational limits and powers for finance and liquidity*" documents. Both documents are subject to periodic review and consideration by the Board of Directors of the Issuer.

The policy formalizes the performance of risk management activities concerning market risks, defines the tasks and responsibilities assigned to the various organizational units having expertise on the matter and specifies, among other things, the main operating processes, the methods of measurement, the exposure limits, the information flows and corrective measures.

The investments and trading activity is, therefore, performed in conformity with the internal policy and is carried out within a structured internal regulatory system of delegations of management powers which provides for operational limitations defined in terms of negotiable financial instruments, amounts, duration, investment markets, issue and issuer types, sector and rating.

Risk monitoring is carried out by the Risk Management Office, which produces daily and monthly reports subject to scrutiny by the Finance Committee, on a monthly basis. The Finance Committee sets the risk management policy in the context of the strategy contained in the annual Operating Plan.

With regard to the processes and methods of market risk monitoring and management, the indicators monitored and their related limits are provided below, together with the first and second level control processes on overall trading portfolio transactions. In general, the limits are classified according to the various types of market risk (interest rate and price), but are in any event managed within a single framework based on similar logic.

The authorization structure for finance operations is based on the four levels:

- operating limits;
- position limits: credit risk and concentration;

- stop-loss limits, and
- Value-at-Risk (VaR) limits.

The above represent the thresholds at which the limits are set at the beginning of each financial year by a resolution of the Issuer's Board of Directors.

The finance division determines, by agreement with the risk management division, the terms and limits for the assumption of risks in operating terms, for all those units that incur market risks.

Responsibility for daily checks on operating, position and stop-loss limits rests with the risk management function.

VaR represents an estimate of the maximum potential loss of a portfolio of securities in unfavourable market conditions. The compliance of risk profiles with the limits set in terms of VaR is ensured by the daily monitoring performed by the Risk Management Office.

### **Liquidity Risk Management**

Liquidity risk is the risk that Banca Popolare dell'Alto Adige might not be able to meet its payment obligations when due, which would compromise day-to-day operations or the financial situation of the Issuer.

Liquidity risk management is described in the document "Liquidity and Funding Policy", which is reviewed and approved annually by the Board of Directors of the Issuer. The policy defines:

- the organisational model, that assigns roles and responsibilities to the offices involved in the liquidity management and control process;
- policies for managing operational and structural liquidity, indicating the models and metrics used to assess, monitor and control liquidity risk and for performing stress tests;
- Contingency Funding Plan (CFP), which provides the organisational processes and interventions undertaken to restore standard conditions in liquidity management in addition to providing a description of indicators to determine any critical situations.

In particular, the policy concerns the provisions on the governance and management of liquidity risk contained in Bank of Italy Circular No. 285 of 17 December 2013, as amended. The rules and regulations are based on the principle that an adequate liquidity risk governance and management system integrated with the overall risk management system, is fundamental for maintaining the stability of individual banks and the market. This includes rules on matters of organisation and internal controls, as well as the adoption of precise management instruments and public disclosure obligations, which although proportional to the operational size, organisational complexity and type of the activities performed by the individual banks, require a significant commitment on their part.

The management of liquidity risk is allocated to the Treasury Office, which operates under the direct management of the Finance Department. However, the definition and control of compliance with operational limits lies with the Risk Management Office. General Management is responsible for governance over liquidity, both as regards compliance with the limits defined and as regards tactical

and structural funding strategies. In the event of liquidity emergencies, General Management is also responsible for activation, management, and coordination of the Issuer's Contingency Funding Plan.

An essential element is the distinction between short-term operational liquidity (under 12 months) and medium/long-term structural liquidity (over 12 months). The former addresses unexpected critical situations due to specific shocks in the Issuer or the market; the latter, meets the need to ensure optimal management from a strategic standpoint, transformation of maturities between funding and loans, by balancing asset and liability maturities in order to prevent any future crises in liquidity.

The containment of exposure to liquidity risk is pursued primarily through a structured set of guidelines, operational decisions, and organisational control.

Measurement and control of operational liquidity and structural liquidity were defined by means of a system of indicators, limits, and reports, including daily. In particular, a maturity ladder was prepared, which is a system that monitors net financial position that reports the balances and therefore the imbalances between expected inflows and outflows over predefined time bands and, through the formation of cumulative imbalances, calculates the net financial requirement (or surplus) in the time horizon considered.

The Issuer uses the Liquidity at Risk (LaR) model in order to measure its liquidity risk; this is based on observing the "independent" negative net flows of liquidity – taking into consideration the historical series – applying the Extreme Value Theory, which allows accuracy to be improved for high confidence levels. More in particular, the following daily balances are used: withdrawable reserve at the Bank of Italy, inter-bank deposits, bond issues, securitisations, movement of securities owned, and extraordinary flows. The data is processed to determine the daily cash flow linked solely to decisions not under the direct control of the Issuer (Treasury Office) and so resulting from customer conduct. The 3 confidence levels in question should represent the Issuer's liquidity needs under normal conditions (up to the LaR value at 99% confidence), stress (up to 99.9%) and critical (up to 99.99%) at 1 day, 1 week (5 business days), 2 weeks (10 business days) and at one month (20 business days).

Other fundamental liquidity risk management functions relate to a stress test program aimed at evaluating the Issuer's vulnerability to exceptional but plausible events. In particular, stress testing is performed in terms of scenario analyses, consistent with the definition of liquidity risk adopted and attempting to simulate the behaviour of the Issuer's cash flow under unfavourable conditions, making subjective assumptions based on the Issuer's experience and/or instructions provided by supervisory regulations and guidelines.

On the base of Regulation (EU) 2019/876, the Issuer periodically reports to the competent authority the regulatory liquidity metrics (LCR, AMM, NSFR).

Moreover, the organisational layout of the structures and functions responsible for managing liquidity and the related controls and contingency plans to be implemented in times of stress or crisis (CFP, Contingency Funding Plan) are clearly defined in the policy; a contingency is declared when there is problematic progression in a predefined series of external and internal factors.

Finally, starting from 2011, the Issuer defined a *"Policy on the Internal Transfer Price System"* (TIT).

## **Operational Risk Management**

In line with the supervisory provisions, operational risk is defined as the risk of incurring losses due to errors, violations, interruptions, exogenous events or damages deriving from malfunctions in the internal processes or the unsuitability of people and/or systems. Operational risks include, among other things, the ensuing losses from theft and fraud, human errors, interruptions of operations, the unavailability of systems, executions of transactions, breaches of contract, data processing, damage to real property, and natural catastrophes.

These risks are monitored, within the scope of the Internal Control System, by all internal control departments of the Issuer (Internal Audit, Compliance and Risk Management) in accordance with the following guidelines:

- prevention of occurrence or reduction of the probability of events occurring that could potentially generate operating losses, through the appropriate legal, organisational, procedural and training measures;
- mitigation of expected effects of such events;
- enhancement of the overall operational efficiency;
- protection of the Issuer's reputation and image.

Monitoring and management of operational risk are not only aimed at obtaining theoretical benefits in respect of asset requirements, but also at achieving an effective understanding at all levels of the potential risks inherent in the Issuer's daily activities and to take all necessary steps to effectively mitigate and reduce such risks.

Within the Internal Control System, the monitoring of operational risks is guaranteed by adoption of an integrated control model, which, along with the supervisory provisions, is organized into three levels, with each level governing the specific aspects related to its role, the business functions in charge of line control (or first level control) and the Issuer's control departments in charge of second level control (Risk management and Compliance) and the third level (Internal Audit).

The results of the monitoring and control are discussed on a regular basis and evaluated within the scope of the Internal Control Committee, comprising all Issuer's departments, and which, among other things, is in charge of establishing priorities and coordinating the control activities.

In addition, monitoring of the operational risks uses the results from the monitoring and analyses of operating losses contained in the periodic report drawn up by the risk management department and related discussions by the Internal Control Committee.

Since 2003, the Issuer has used a system for detecting and measuring operational losses with the purpose of improving management of potential sources of risk that could undermine Issuer stability. This system, employed by the Issuer, follows a similar initiative applied on a national scale by the Italian Banking Association (ABI). With the DIPO project (Italian database of operational losses) ABI is attempting to inform banks on how to implement these procedures and create a national databank that would allow banks to obtain more extensive and meaningful statistical data.

Included within the operational risk category is IT risk, that is the risk of incurring economic, reputational and market share losses in relation to the use of information and communication

technology. IT risk arises from an event that involves the violation or imminent threat of violation of the company's information security rules and practices, such as fraud, attacks through the internet, malfunctions and inefficiencies.

In general, IT risk generates one of the following consequences:

- high economic losses or prolonged inefficiencies, even following repeated minor incidents,
- major inefficiencies to customers or other parties (such as payment intermediaries or infrastructures),
- the risk of invalidate the Bank's ability to comply with the conditions and obligations laid down by law or by supervisory regulations.

This risk is monitored by the Issuer in accordance with the Risk Management Policy and analyzed through a specific assessment framework. It is specified that the components of IT risk subject to analysis refer to:

- IT risk of internal components,
- IT risk of the components outsourced to the main outsourcer AFast (Accenture Financial Advanced Solutions & Technology).
- IT risk of the components outsourced to other critical outsources.

The results of the analysis, monitoring and control activities are periodically discussed and assessed within the Management Committees where, among other things, the remediation plan identified is set out.

## **SIGNIFICANT EVENTS DURING THE YEAR**

### *Issue of subordinated Tier 2 instruments*

During the year ended 31 December 2018, Banca Popolare dell'Alto Adige issued Tier 2 subordinated bonds pursuant to and in accordance with the provisions set forth in Part II, Title I, Chapter 4, Articles 62, 63 and 77 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("CRR") and Bank of Italy Circular No. 285 of 17 December 2013 "*Application in Italy of Regulation (EU) No. 575/2013 (CRR) and directive 2013/36/EU (CRD 4)*", Part II, Chapter I.

### *Withdrawal from SEC*

On 30 November 2018, Banca Popolare dell'Alto Adige completed disposal of the shares held in the capital of Sec Servizi S.p.A." ("SEC"), which provides technology services and software applications to financial institutions.

### *Shareholders' Meeting*

A shareholders' meeting was held on 31 March 2022. In order to minimise the risks associated with the Covid-19 health emergency, the Bank once again made use in 2022 of the option introduced by Art. 106 of (It.) Legislative Decree no. 18 of 17 March 2020 and converted into Law no. 27/2020, as amended and supplemented, and of Art. 135-undecies and 135-novies of Legislative Decree no. 58/1998 (Consolidated Law on Finance), to provide that shareholders' participation in the

Shareholders' Meeting shall take place exclusively through Appointed Representative and thus without any physical participation on the part of shareholders.

The intervention by proxy to the Designated Representative, the only person admitted to the Shareholders' Meeting, was announced in the Notice of call, disseminated to the market on the storage system [emarketstorage.com](https://emarketstorage.com) and published on the page dedicated to the Shareholders' Meeting on the Bank's website in the section relating to the 2022 assembly.

On its website, in the section relating to the 2022 Shareholders' Meeting, the Bank has published the procedures for attending the Shareholders' Meeting and, for each item on the agenda, a summary of the topic, the proposed resolution and the documents submitted for resolution, in the compliance with the legal terms and deadlines indicated in the Notice of call. Furthermore, so that, in giving the voting instructions to the Designated Representative, the shareholders could take into account the feedback provided by the Bank to any questions asked by the shareholders before the Shareholders' Meeting, the answers to the questions on the items on the Agenda received by the shareholders by the deadline indicated in the Notice and on the website were published on the bank's site in the section related to the 2022 Shareholders meeting.

The Bank has appointed the lawyer Edoardo Degl'Incerti Tocci, registered office in Via Vittorio Veneto 5 – 42121 Reggio Emilia (RE), as the Designated Representative to whom shareholders, in order to attend and vote at the Shareholders' Meeting, must confer proxy with voting instructions using the online procedure activated by the company XDataNet Srl, Mirandola (MO) and made available on the Bank's website in the section relating to the 2022 Shareholders' Meeting.

The information to participate by proxy with voting instructions to the Designated Representative has been made available on the Bank's website in the section relating to the 2022 Shareholders' Meeting in the Proxy Voting section.

To ask questions on the items on the Agenda by March 22, 2022 and obtain a response from the Bank by March 23, 2022, shareholders could join the Bank's website in the section relating to the 2022 Shareholders' Meeting in the Questions and Answers section.

The 2021 Financial statements closed with a net profit of €70,076,010.04 (of which €62,976,010.04 was distributable); the Shareholders' Meeting resolved to distribute a dividend of €0.60 per share.

Art. 20, paragraph 1 of the Articles of Association provides for a variable number of 9 to 12 directors for the composition of the Board of Directors and entrusts the Shareholders' Meeting to determine the number of directors to be elected for the coming three-year period. In 2023, the Shareholders' Meeting will appoint a new Board of Directors, for a term of office not exceeding three financial years, to replace the Board of Directors whose terms of office expire with the approval of the financial statements as at 31 December 2022.

The Shareholders' Meeting of 31 March 2022 resolved, at the proposal of the Board of Directors, to reduce the numerical composition of the Board of Directors 2023 – 2025 to 9 directors. This composition is considered appropriate to the size and complexity of the bank's organisational structure and also takes into account the commitment the directors must devote to ensuring adequate strategic governance of Volksbank.

The Shareholders' Meeting also elected the Board of Statutory Auditors for the 2022 – 2024 three-year period by slate vote, as regulated by the articles of association, art. 32 and 33:

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**Georg Hesse**  
24.08.1973 – Accountant and Statutory Auditor

Chairperson of the Board  
of Statutory Auditors



**Rosella Cazzulani**

05.01.1974 – Consultant in internal control systems and Statutory Auditor

Standing Auditor

**Sabrina Rigo**

07.10.1972 – Accountant and Statutory Auditor

Standing Auditor

**Nadia Dapoz**

13.11.1980 – Accountant and Statutory Auditor

Alternate Auditor

**Emilio Lorenzon**

17.06.1962 – Accountant and Statutory Auditor

Alternate Auditor

Outgoing Auditors: Astrid Kofler, Chairperson; Emilio Lorenzon, Standing Auditor; Giorgio Dematté, Alternate Auditor.

The Shareholders' Meeting of 31 March 2022 also decided the fees to be paid to the standing auditors appointed for the 2022– 2024 three-year period as follows:

Euro 96,000: per annum for the office of Chairman of the Board of Statutory Auditors;

Euro 64,000: per annum for the office of Standing Auditor;

Euro 250: per day for attendance at meetings of the Board of Auditors, Board of Directors and Board Committees (the attendance allowance does not cumulate in the event of multiple meetings on the same day).

Gross and attendance fees decided by the Shareholders' Meeting remain unvaried to those paid the outgoing 2019–2021 Board.

The Shareholders' Meeting then approved the Remuneration Policies applicable as of the financial year 2022, as well as the 2022 Stock Grant Plan for the free assignment of ordinary shares of Banca Popolare dell'Alto Adige S.p.A. to the categories of personnel that have or may have a significant impact on the Bank's risk profile. These documents were previously approved by the Board of Directors on 4 March 2022. The Assembly also took note of the Report on the 2021 Implementation of the Remuneration Policies.

The Shareholders' Meeting also approved the extension of the purchase and disposal of treasury shares pursuant to Art. 2357 and 2357-ter of the Italian Civil Code as resolved by the 2019, 2020 and 2021 Shareholders' Meetings, respectively. Specifically, subject to the authorisation of the Bank of Italy (issued on 27 July 2022), the purchase of treasury shares was renewed, in one or more tranches, in a total number not exceeding no. 366,108 ordinary shares, in addition to the treasury shares already in the portfolio, and in any case, if lower, up to the maximum number of shares allowed by the laws in force at the time, in any case for a maximum countervalue of €3.5 million. The purchase of treasury shares was renewed for a period of 12 months starting on 1 October 2022 (i.e. without interruption since the expiry of the previous shareholders' resolution).

The Shareholders' Meeting's authorisation to sell, dispose of and/or use treasury shares was approved with no time limits, considering there are no regulatory constraints on this point, and to have maximum flexibility, also in time period terms, to possibly sell them. Purchases will be made on the regulated Vorvel market (formerly Hi-MTF) according to the operating methods established in that market's organisation and management regulations. The Shareholders' Meeting also approved the new Regulation 'Availability of Time and Limits on the Accumulation of Offices for Members of the Board of Directors of Banca Popolare dell'Alto Adige Spa', which regulates the limit on the accumulation of offices that may be held in third companies at the same time as a director of the Bank.

Finally, the Shareholders' Meeting was informed about the amendments to the Articles of Association in order to comply with the regulatory provisions within the competence of the Board of Directors referred to below.

For more details and a detailed description of the resolutions passed, please refer to the documentation available on the bank's website in the corporate-governance/shareholders' meeting section.

#### Changes in governance structure

Ruling out, with the 35th update of Circular no. 285/2013, the possibility that the Chairman of the Risk Committee may coincide with the chairman of other committees, the Board of Directors has (i) confirmed the appointment of members of the Independent Directors Committee on 24 April 2020 to non-executive independent directors Alessandro Metrangolo, Adriano Dalpiaz and Margherita Marin; (ii) the independent non-executive director Margherita Marin was called to hold the office of Chairman of the Independent Directors Committee until the end of the mandate which will end with the approval of the financial statements at 31 December 2022. The latter took over this role from the director Alessandro Metrangolo.

#### *Amendments to the Articles of Association in order to comply with the regulatory provisions within the competence of the Board of Directors.*

With the issue of the 35th update of Circular no. 285/2013 of Bank of Italy, some provisions were introduced to strengthen the governance structures, which include, inter alia, gender diversity in the administration and control bodies; the extension of the non-delegable powers of the Board of Directors; strategic planning profiles; accountability for standards of ethical conduct; the command documents under the purview of the Board. On 4 March 2022, the Bank's Board of Directors adjusted the statute to the changes introduced by the 35th update of Circular no. 285/2013 and MEF Decree no. 169/2020 referred to below. It should be noted that this adjustment did not require the approval of the Bank's Shareholders' Meeting since, pursuant to Art. 28, paragraph 2, letter v) of the current Articles of Association, it falls within the competence of the Board of Directors.

#### ***The industrial plan 2021 – 2023***

The strategic lines of the plan, approved by the Board of Directors in December 2020, and updated for the threeyear period 2022 – 2024 in the session of 16 July 2021, envisage a new approach based on the sustainable development of loans, an increase in the commission margin and the careful management of credit risk.

The fundamental elements of the strategy are, in particular:

- stand-alone perspective, supported by excellent capitalisation and liquidity;
- a renewed focus on the development of the margin from services, an area in which Volksbank shows room for improvement both when compared to banks that are similar in size and positioning and when compared to significant banks;
- a prudent and focused lending development strategy, proposing the Bank as a reference point for businesses and households in the area;
- careful risk management, in particular by intervening on the entire credit process, as well as through careful and active management of NPLs, guided by enhanced workouts and targeted transfers aimed at containing stocks and such as not to generate sacrifices for the shareholders;
- a streamlined operating structure, characterised by a focus on cost control and an orientation towards customer service and the creation of value for shareholders.

The development guidelines of the strategic plan recall, among other things, the need to ensure “a careful assessment of the effective sustainability of the objectives and the need to ensure robust growth and governance of risks and costs”. The strategic choices developed in the plan are therefore consistent with this approach, and in particular guide the bank towards:

- a strategic positioning that confirms, from an evolutionary perspective, the role as a territorial Bank, focused on supporting the real economy, with the development of revenues (brokerage margin) at the end of the plan, 89% of which originate from commercial activities and 11% from the management of the proprietary portfolio;
- a commercial banking business model supported by the progressive simplification of processes, placing the customer first and a greater balance between service margin and interest margin;
- a careful balance between operational management, risk profile, liquidity and capital strength.

Consistent with this orientation, the bank has developed objectives aimed at ensuring a solid generation of value, through well-defined managerial actions, divided into 7 pillars:

- 1) A virtuous **growth** in terms of customers and volumes, driven by an expanded product range and specific skills in the world of private mortgage loans and in the tourism, manufacturing, agri-food and real estate sectors;
- 2) A native digital **multi-channel** strategy, capable of making a reality of the concept of “Everywhere Banking”, offering Volksbank customers the ability to fully manage their banking relationship also through access to best-in-class digital channels;
- 3) A specific focus on full **sustainability**, which involves the daily work of the Bank (real estate, trade union relations, utilities, etc.), the ability to develop and finance **sustainable** projects, and the offer of common ESG investment funds;
- 4) The proactive management of risks affecting **balance sheet assets**, thanks to the allocation of capital in favour of government measures to support the resilience of businesses and households, to the impact of the timing of the introduction of regulatory measures (Basel IV, SME supporting factor, etc.) and the management and monitoring of credit risk resulting from the COVID-19 pandemic;
- 5) **Process** efficiency, to be able to support commercial development, the specialisation of branch resources and faster and more precise responses to customers;
- 6) The **control** system in its entirety, to anticipate market changes and reorient the Bank’s business;
- 7) **Human capital** to increasingly qualify the professionalism of consultancy and guide customers in new processes under the multi-channel strategy.

### ***Inspection assessment***

At the end of February 2022, the Bank of Italy’s inspection activity within the perimeter of credit and counterparty risk, which had been initiated, inter alia, to verify the identification, management, monitoring and control of the support measures granted for the COVID-19 emergency and related to debtors classified as non-financial companies, concluded. The authority’s endorsement of the inspection report revealed only a few areas for improvement without, however, having a major impact. Although the identified areas for improvement are not very material and not serious, the main evidence may relate to developments in the criteria for defining the provisioning of positions classified as UTP and in the early warning criteria.

### ***Judicial and arbitration proceedings***

As of the Date of this Financial Report, no judicial or arbitration proceedings are pending of such amount or nature as to have significant repercussions on the financial, equity or economic situation of Volksbank, even in the event of a negative outcome.

The main disputes relate to procedures pertaining to compound interest and usury, to actions relating to investment services provided, to property law disputes and to bankruptcy clawback actions.

*Assignment of non-performing loans*

During the year, Volksbank completed the transfer without recourse of several non-performing positions denominated in Euro.

*Assignment of non-performing loan portfolio*

	<b>2022</b>
No. Non-performing positions transferred	7
Gross value (EUR)	16,407,464
Default interest (EUR)	2,856,085
<b>Total (EUR)</b>	<b>19,263,549</b>

The transfer provides no transferor guarantee of the solvency of the transferred debtors, or of any guarantors thereof, on any grounds, hence provides no guarantee of the total or partial collection of the transferred receivables. As a result of the transfer, the receivables have been de-recognised from the financial statements as of the date of execution. The price paid by the buyers was equal to Euro 6.0 million against a net exposure in the financial statements equal to Euro 1.4 million.

## **SIGNIFICANT EVENTS AFTER THE SIX-MOTH PERIOD**

*Shareholders' Meeting*

On 1 April 2023, the Ordinary Shareholders' Meeting was held, with the discontinuation of the Covid-19 measures, once again at the Fiera di Bolzano.

The 2022 Financial statements closed with a net profit of €75,527,325.37 (of which €73,936,849.96 was distributable); the Shareholders' Meeting resolved to distribute a dividend of €0.62 per share.

The Shareholders' Meeting appointed the Board of Directors for the three-year period 2023-2025, which has 9 members as opposed to the previous 12, as per the statutory minimum.

Lukas Ladurner, Lorenzo Salvà, Giuseppe Padovan, Margherita Marin, Johannes Peer, Alessandro Metrangolo, Margit Tauber and Federico Marini were reappointed to the new Board of Directors. Christina Gasser, a banking consultant and entrepreneur from Brixen, was also appointed as a new board member.

<b>Lukas Ladurner</b> - entrepreneur born in Silandro (BZ) on 04 June 1980	Chairman of the Board
<b>Lorenzo Salvà</b> - lawyer born in Merano (BZ) on 10 August 1961	Deputy Chairman of the Board
<b>Giuseppe Padovan</b> - lawyer born in Bassano del Grappa (VI) on 10 May 1965	Deputy Chairman of the Board
<b>Margherita Marin</b> - chartered accountant - auditor born in Bassano del Grappa (VI) on 29 November	Director of the BoD

1957	
<b>Johannes Peer</b> - manager born in Bolzano (BZ) on 21 April 1989	Director of the BoD
<b>Christina Gasser</b> - bank consultant - entrepreneur born in Brunico (BZ) on 31 March 1989	Director of the BoD
<b>Alessandro Metrangolo</b> - lawyer born in Milan on 23 December 1975	Director of the BoD
<b>Margit Tauber</b> - manager born in Brixen (BZ) on 29 May 1974	Director of the BoD
<b>Federico Marini</b> - manager- officer born in Bolzano (BZ) on 26 June 1970	Director of the BoD

The outgoing directors are: David Covi, Maximilian Eisendle, Vito Jacono and Adriano Dalpiaz.

The Shareholders' Meeting also determined the annual remuneration and attendance allowances to be paid to the Board of Directors for the three-year period 2023-2025, overall slightly less compared to the previous year:

- €45,000.00 (forty-five thousand/00) as a fixed annual component;
- €250.00 (two hundred and fifty/00) daily allowance for attendance at meetings of the board and council (the attendance allowance does not cumulate in the event of multiple meetings on the same day). The previous attendance allowance was confirmed.

In addition, in order to increase the liquidity of the Bank's shares on the Vorvel trading platform (formerly Hi-MTF), the Shareholders' Meeting allocated an additional €18.5 million to the Bank's share buyback fund, divided between the work of the liquidity provider (€3.5 million) and the extraordinary buyback transaction (€15 million). Terms and conditions of the buyback - established by the Board of Directors - were communicated to the market on 28 April 2023. In addition to the technical methods, it provided for the start of the operation on 30 June 2023.

Lastly, the Shareholders' Meeting approved the proposal to proceed, in the period between November 2023 and March 2024, with the free allocation of treasury shares to shareholders who will remain shareholders, recognising the benefits of the Bank's share buyback operations. Depending on the number of shares available at the time of allotment, the exchange ratio will be a maximum of 1 free share for every 20 shares held and a minimum of 1 free share for every 30 shares held. Terms and conditions for allotment will be determined by the Board of Directors and communicated in good time.

The Shareholders' Meeting then approved the Remuneration Policies applicable as of the financial year 2023, as well as the 2023 Stock Grant Plan for the free assignment of ordinary shares of Banca Popolare dell'Alto Adige S.p.A. to the categories of personnel that have or may have a significant impact on the Bank's risk profile. These documents were previously approved by the Board of Directors on 3 March 2023. The Assembly also took note of the Report on the 2022 Implementation of the Remuneration Policies.

*Inspection by the Bank of Italy*

In the period between 26 April and 7 July 2023, the Bank was subject to an inspection conducted by the Bank of Italy pursuant to Art. 54 of (It.) Legislative Decree no. 385/1993 (TUB). The inspections conducted covered the issue of customer protection and, in particular, the transparency of banking transactions and services, as well as the rights and obligations of the parties in the provision of payment services. As of the date of preparation of this Financial Report, the Supervisory Authority has not yet submitted its assessments.

### *Complaint Management*

Volksbank is convinced that real and lasting growth and development are possible only if the customer is at the heart of every strategic decision taken by the company. This customer-centred approach, the basis of which can be found in the company's Code of Ethics, emerges straight from the design phase of products and services, with constant focus on quality research, but above all on managing the relationship with the customer in order to provide him or her with the product or service that best suits his or her needs.

Despite the best efforts of employees, given the large number of transactions that are concluded daily, it is not possible to avoid possible cases in which, from time to time, customer expectations are not met, hence generating dissatisfaction by those who believe that they have not received an adequate service. On such occasions, customer cooperation becomes essential in order to identify and eliminate the causes of service failure and to implement appropriate procedural improvements.

Some time ago, the company set up an internal office to handle complaints and adhered, in accordance with applicable legislation, to the relevant extra-judicial bodies to settle disputes arising between banks and their customers. With a view to the continuous improvement of the services offered to customers, third party analysis and judgement of complaints received has been guaranteed; and the personnel of the complaints management office are in a position of organisational and hierarchical independence of business units responsible for marketing products and services.

In cases where a customer is not fully satisfied with a proposed solution, he or she can refer to extra-judicial dispute settlement systems which, as they operate as an alternative to the ordinary judicial authorities, can provide a faster and less costly means of resolving disputes. Through its commercial network and its website, on this point the Company provides customers with information containing, inter alia, complaint regulations and information on the various extra-judicial dispute resolution systems.

The following is the statistical data on complaints received as at 30 June 2023: during the first half of 2023, 578 complaints were received and processed, 127 of which were related to banking and financial services and 451 of which were related to investment services. It should be noted that 86 complaints relating to investment services are part of the so-called maxi-complaint (i.e., a complaint filed by a law firm in several tranches, starting in 2021, on behalf of various shareholders of the Company).

Of the 578 complaints as at 30 June 2023, 50 complaints were closed, 221 were closed pending settlement, while 307 were being evaluated.

A complaint is considered closed when a reply is sent to the customer which is signed by the Complaints Management Coordinator or the Head of the "Corporate and Legal Affairs" organisational unit, while a complaint is considered settled when it has been considered well-founded or when the reason for the complaint made by the customer has been overcome in some other way (e.g. following the settlement of the dispute by judicial or extrajudicial means).

In addition, a complaint is deemed to have been settled if the client does not reply within 12 months of its closure. However, any further reply from the customer on the same issue implies the reopening of the complaint, even beyond the 12-month limit for such settlement.

With regard to the complaints received in the first half of 2023 concerning banking and financial services, the Company reimbursed customers the total amount of €3,483.81 and entered no loss provision.

With regard to complaints received during the first half of 2023 concerning investment services, the Company reimbursed clients a total amount of € 2,500.00.

In addition, in the first half of 2023, reimbursements of €186.00 (relating to banking and financial services) and €165,850.00 (relating to investment services) were made in respect of complaints made in previous years.

## **OVERVIEW FINANCIAL INFORMATION RELATING TO THE ISSUER**

Set out in this section is an overview of financial information of Banca Popolare dell'Alto Adige which is derived from the audited non-consolidated annual financial statements of Banca Popolare dell'Alto Adige as at and for the years ended 31 December 2022 and 2021, in each case together with the accompanying notes and auditor' reports and from the condensed interim non-consolidated financial statements of the Issuer as at and for six months ended 30 June 2023. Such financial statements, together with the accompanying note and auditor' reports, are incorporated by reference into this Base Prospectus. The financial information contained in the section should be read in conjunction with such financial statements, notes and auditor' reports thereto. See also *"Information incorporated by reference"*.

Since 2006, the Issuer has prepared its annual financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular 262 of 22 December 2005 and related transitional regulations in Italy ("**IFRS**"). Accordingly, all of the following financial information of the Issuer incorporated by reference in this Base Prospectus has been prepared in accordance with IFRS.

The annual financial statements of the Issuer as at and for the years ended 31 December 2022 and 2021 have been audited by KPMG S.p.A, which has been appointed by the shareholders' meeting of Banca Popolare dell'Alto Adige held on 30 March 2019 to audit financial statements of the Issuer for the period from 2019 to 2027.

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request, the above-mentioned annual financial statements incorporated by reference in this Base Prospectus. Written or oral requests for such documents should be directed to the specified office of any Paying Agent or to the specified office of the Listing Agent in Luxembourg. In addition, such documents will be available, without charge, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The following tables present annual balance sheet and income statement information of the Issuer as at 30 June 2023 and for the years ended 31 December 2022 and 2021.

## **ANNUAL BALANCE SHEET**

Assets		30/06/2023 (Unaudited) Value	31/12/2022 (Audited) Value	31/12/2021 (Audited) Value
		(euro)		
10.	Cash and cash equivalents	216,793,644	1,063,322,866	92,348,846
20.	Financial assets designated at fair value through profit and loss	70,416,542	103,896,451	122,808,702
	a) financial assets held for trading	4,956,373	1,608,254	1,640,918
	b) financial assets designated at fair value	-	-	-
	c) other financial assets measured at fair value	65,460,169	102,288,197	121,167,784
30.	Financial assets measured at fair value with impact on overall profitability	742,468,954	729,539,426	680,921,245
40.	Financial assets measured at amortised cost	10,406,120,340	10,515,057,702	11,934,943,122
	a) loans to banks	222,346,176	181,590,462	1,647,681,913
	b) loans to customers	10,183,774,164	10,333,467,240	10,287,261,209
50.	Hedging derivatives	232,886	-	-
60.	Value adjustment of hedged financial assets	-	-	-
70.	Equity investments	4,321,339	4,339,450	5,277,763
80.	Physical assets	146,589,450	146,207,245	135,355,796
90.	Intangible assets	14,078,381	14,576,571	15,674,551
	<i>of which Goodwill</i>		-	-
100.	Tax assets	114,479,992	138,188,423	149,630,421
	a) current	28,630,190	47,966,227	53,628,036
	b) prepaid	85,849,802	90,222,196	96,002,385
110.	Non-current assets and groups of assets held for sale	3,650,303	4,848,930	4,407,814
120.	Other assets	330,937,810	236,513,588	142,022,584
	<b>Total assets</b>	<b>12,050,089,641</b>	<b>12,956,490,649</b>	<b>13,283,390,844</b>



<b>Liabilities and shareholders' equity</b>		<b>30/06/2023</b> (Unaudited) <b>Value</b>	<b>31/12/2022</b> (Audited) <b>Value</b>	<b>31/12/2021</b> (Audited) <b>Value</b>
		(euro)		
10.	Financial liabilities measured at amortised costs	10,601,907,685	11,788,026,227	12,138,099,570
	a) payable to banks	1,603,581,614	2,628,753,865	2,668,836,977
	b) payables to customers	8,593,802,855	8,759,381,566	9,032,919,126
	c) outstanding securities	404,523,216	399,890,796	436,343,467
20.	Financial liabilities held for trading	106,597	383,503	59,740
30.	Financial liabilities designated at fair value (IFRS 7, para. 8 letter e))	-	-	-
40.	Hedging derivatives	429,156	-	-
50.	Value adjustment of hedged financial liabilities (+ / -)	-	-	-
60.	Tax liabilities	23,437,738	29,919,529	18,804,760
	a) current	22,066,723	28,863,357	14,803,485
	b) deferred	1,371,015	1,056,172	4,001,275
70.	Liabilities associated with assets held for sale	-	-	-
80.	Other liabilities	506,818,537	240,397,398	256,877,965
90.	Employee severance indemnities	12,219,458	12,742,904	16,163,760
100.	Provisions for risks and charges	26,712,621	23,973,950	21,373,126
	a) commitments and guarantees given	7,859,754	9,829,176	7,631,272
	b) pensions and similar obligation	-	-	-
	c) other provisions for risks and charges	18,852,867	14,144,774	13,741,854
110.	Valuation reserves	-17,009,257	(11,847,028)	2,375,680
120.	Redeemable shares	-	-	-
130.	Equity instruments	-	-	-
140.	Reserves	372,726,257	326,729,530	284,004,937

150	Issue premium	298,770,235	298,773,829	298,786,747
160	Capital	201,993,752	201,993,752	201,993,752
170	Treasury shares (-)	(31,509,523)	(30,130,270)	(25,225,203)
180	Profit (Loss) for the year (+/-)	53,486,385	75,527,325	70,076,010
	<b>Total liabilities and shareholders' equity</b>	<b>12,050,089,641</b>	<b>12,956,490,649</b>	<b>13,283,390,844</b>

#### INCOME STATEMENT A

		30/06/2023 (Reviewed) Value	30/06/2022 (Reviewed) Value
		(euro)	
10.	Interest receivable and similar income	215,860,636	109,117,673
	<i>of which: interest income calculated according to the effective interest method</i>	192,495,034	102,383,332
20.	Interest paid and similar charges	(75,763,356)	(8,556,624)
<b>30.</b>	<b>Interest margin</b>	<b>140,097,280</b>	<b>100,561,049</b>
40.	Commission income	57,906,839	56,024,995
50.	Commission expense	(7,764,358)	(5,695,050)
<b>60.</b>	<b>Net fees</b>	<b>50,142,481</b>	<b>50,329,945</b>
70.	Dividends and similar income	2,456,868	2,622,119
80.	Net result of trading	2,737,345	1,707,506
90.	Net result of hedging	2,921	-
100.	Profit (losses) on disposal or repurchase of:	(5,001,815)	3,361,373
	a) financial assets measured at amortised cost	(2,480,138)	537,481
	b) financial assets measured at fair value with an impact on comprehensive income	(2,521,677)	2,823,864
	c) financial liabilities	-	28
110.	Net profit/loss from other financial assets and liabilities measured at fair value with an impact on the income statement	1,314,700	1,088,209
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets compulsorily measured at fair	1,314,700	1,088,209

	value		
<b>120.</b>	<b>Net receipts from banking</b>	<b>191,749,780</b>	<b>159,670,201</b>
130.	Net adjustments/write-backs of impairment losses of:	(10,338,459)	(21,968,947)
	a) financial assets measured at amortised cost	(10,342,209)	(21,747,825)
	b) financial assets measured at fair value with an impact on comprehensive income	3,750	(221,122)
140.	Gains/losses from contractual amendments without write-downs	870,791	(34,785)
<b>150.</b>	<b>Net result of financial management</b>	<b>182,282,112</b>	<b>137,666,469</b>
160.	Administrative expenses:	(100,406,171)	(92,943,626)
	a) personnel expenses	(56,815,004)	(52,407,572)
	b) other administrative expenses	(43,591,167)	(40,536,054)
170.	Net provisions for risks and charges	(2,976,330)	(1,713,335)
	a) credit risk relating to commitments and guarantees given	1,969,422	(434,771)
	b) other net provisions	(4,945,752)	(1,278,564)
180.	Net adjustments/write-backs on physical assets	(7,477,900)	(5,771,009)
190.	Net adjustments/write-backs on intangible assets	(499,636)	(555,733)
200.	Other operating income/expenses	8,263,109	9,158,168
<b>210.</b>	<b>Operating costs</b>	<b>(103,096,928)</b>	<b>(91,825,535)</b>
220.	Profit (losses) on equity investments	(70,284)	1,395,590
230.	Net result of measurement at fair value of tangible and intangible assets	-	-
240.	Goodwill value adjustments	-	-
250.	Profit (losses) on disposal of investments	518,969	(108,827)
<b>260.</b>	<b>Profit (loss) from current operations before tax</b>	<b>79,633,869</b>	<b>47,127,697</b>
270.	Income taxes on current operations	(26,147,484)	(15,567,230)
<b>280.</b>	<b>Profit (loss) from current operations after tax</b>	<b>53,486,385</b>	<b>31,560,467</b>
290.	Profit (loss) on discontinued operations after tax	-	-
<b>300.</b>	<b>Profit (loss) for the year</b>	<b>53,486,385</b>	<b>31,560,467</b>

		<b>31/12/2022</b> (Audited) <b>Value</b>	<b>31/12/2021</b> (Audited) <b>Value</b>
		(euro)	
10.	Interest receivable and similar income	237,543,697	196,115,501

	<i>of which: interest income calculated according to the effective interest method</i>	217,259,275	191,045,457
20.	Interest paid and similar charges	(27,521,449)	(19,594,634)
<b>30.</b>	<b>Interest margin</b>	<b>210,022,248</b>	<b>176,520,867</b>
40.	Commission income	112,283,564	107,127,491
50.	Commission expense	(11,658,203)	(13,133,484)
<b>60.</b>	<b>Net fees</b>	<b>100,625,361</b>	<b>93,994,007</b>
70.	Dividends and similar income	3,600,101	3,557,901
80.	Net result of trading	2,721,390	2,048,979
90.	Net result of hedging	-	-
100.	Profit (losses) on disposal or repurchase of:	4,924,540	45,899,612
	a) financial assets measured at amortised cost	2,334,065	40,546,942
	b) financial assets measured at fair value with an impact on comprehensive income	2,590,447	5,345,877
	c) financial liabilities	28	6,793
110.	Net profit/loss from other financial assets and liabilities measured at fair value with an impact on the income statement	(2,291,211)	(2,882,775)
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets compulsorily measured at fair value	(2,291,211)	(2,882,775)
<b>120.</b>	<b>Net receipts from banking</b>	<b>319,602,429</b>	<b>319,138,591</b>
130.	Net adjustments/write-backs of impairment losses of:	(22,144,708)	(53,128,556)
	a) financial assets measured at amortised cost	(21,844,440)	(53,204,833)
	b) financial assets measured at fair value with an impact on comprehensive income	(300,268)	76,277
140.	Gains/losses from contractual amendments without write-downs	61,228	(40,082)
<b>150.</b>	<b>Net result of financial management</b>	<b>297,518,949</b>	<b>265,969,953</b>
160.	Administrative expenses:	(185,874,966)	(185,808,566)
	a) personnel expenses	(105,361,632)	(101,382,304)
	b) other administrative expenses	(80,513,334)	(84,426,262)
170.	Net provisions for risks and charges	(4,810,225)	(5,195,696)
	a) credit risk relating to commitments and guarantees given	(2,197,904)	(1,766,185)
	b) other net provisions	(2,612,321)	(3,429,511)

180.	Net adjustments/write-backs on physical assets	(11,827,951)	(15,073,658)
190.	Net adjustments/write-backs on intangible assets	(1,105,966)	(1,238,585)
200.	Other operating income/expenses	18,472,340	19,969,417
<b>210.</b>	<b>Operating costs</b>	<b>(185,146,768)</b>	<b>(187,347,088)</b>
220.	Profit (losses) on equity investments	1,269,771	100,482
230.	Net result of measurement at fair value of tangible and intangible assets	-	-
240.	Goodwill value adjustments	-	-
250.	Profit (losses) on disposal of investments	(56,933)	(271,383)
<b>260.</b>	<b>Profit (loss) from current operations before tax</b>	<b>113,585,019</b>	<b>78,451,964</b>
270.	Income taxes on current operations	(38,057,694)	(8,375,954)
<b>280.</b>	<b>Profit (loss) from current operations after tax</b>	<b>75,527,325</b>	<b>70,076,010</b>
290.	Profit (loss) on discontinued operations after tax	-	-
<b>300.</b>	<b>Profit (loss) for the year</b>	<b>75,527,325</b>	<b>70,076,010</b>

## THE GUARANTOR

### Introduction

VOBA CB S.r.l. has been established as a special purpose vehicle for the purpose of guaranteeing the Covered Bonds.

The Guarantor was incorporated on 30 January 2019 in the Republic of Italy as a limited liability company incorporated under Law 130, with Fiscal Code, VAT number and registration number with the Register of Enterprises of Treviso-Belluno no. 04994460261.

The Guarantor operates under the laws of the Republic of Italy.

The duration of VOBA CB S.r.l. shall be until 2100.

VOBA CB S.r.l. has its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, the telephone number of the registered office is +390438360900, the fax number is +39 0438 360962 and the PEC address is voba.cb@pec.spv-services.eu.

The authorised, issued and paid in quota capital of VOBA CB S.r.l. is Euro 10,000.

VOBA CB's Legal Entity Identifier (LEI): 8156006FE37BB118C393

### Business Overview

Pursuant to its by-laws, the exclusive purpose of the VOBA CB S.r.l. is to purchase from banks, against payment, receivables and securities also issued in the context of a securitisation, in compliance with Law 130 and the relevant implementing provisions, by means of subordinated loans granted or guaranteed also by the selling banks, as well as to issue guarantees for the covered bonds issued by such banks or other entities.

VOBA CB S.r.l., indeed, will grant the Covered Bonds Guarantee to the benefit of the Covered Bondholders, of the counterparts of derivatives contracts entered into with the purpose to cover the risks inherent the purchased credits and securities and of the counterparts of other ancillary contracts, as well as to the benefit of the payment of the other costs of the transaction, with priority in respect of the reimbursement of the others loans, pursuant to paragraph 1 of Article 7-*bis* of Law 130 and Article 4 of the MEF Decree as applicable until the Implementation Date, and to Articles 7-*sexies*, Paragraph 1, letter (c) and 7-*quaterdecies* of Law 130 as applicable from the Implementation Date the Law 130.

Since the date of its incorporation, VOBA CB S.r.l. has not engaged in any business other than the purchase of the Portfolio and the entering into of the Programme Documents and other ancillary documents.

So long as any of the Covered Bonds remain outstanding VOBA CB S.r.l. shall not, without the consent of the Representative of the Covered Bondholders, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the assets backing the Covered Bonds Guarantee, assuming the Subordinated Loan, issuing the Covered Bonds Guarantee and entering into the Programme Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or the Intercreditor Agreement) or guarantee any additional quota.

VOBA CB S.r.l. will covenant to observe, *inter alia*, those restrictions which are detailed in the Intercreditor Agreement.

### **Administrative, Management and Supervisory Bodies**

The directors of the Guarantor are:

<b>NAME AND SURNAME</b>	<b>OFFICE HELD IN THE GUARANTOR</b>	<b>OFFICES HELD IN OTHER COMPANIES</b>
<b>Alberto Caltroni</b>	<b>Chairman and Managing Director</b>	Manager responsible for preparing the BPAA's corporate and financial reports
<b>Sigfried Stocker</b>	<b>Managing Director</b>	Head of Treasury of Banca Popolare dell'Alto Adige S.p.A.
<b>Nausica Pinese</b>	<b>Managing Director</b>	Head of Securitisation Services area of Banca Finanziaria Internazionale S.p.A.

Under the Quotaholders' Agreement the Quotaholders have undertaken that, if, at any time, a Board of Statutory Auditors shall be appointed, it shall be composed of three members which shall be appointed as follows: one by Stichting Urano and two by BPAA. No Board of Statutory Auditors has been appointed as of the date of this Base Prospectus.

The business address of each member of the Board of Directors and Board of Statutory Auditors is VOBA CB S.r.l., Via V. Alfieri, 1, 31015 Conegliano (TV), Italy.

### **Conflicts of interest**

There are no potential conflicts of interest between the duties of the directors and their private interest or other duties.

### **Quotaholders**

The quotaholders of VOBA CB S.r.l. (hereafter together the “**Quotaholders**”) are as follows:

BPAA, 60 per cent. of the quota capital;

Stichting Urano, 40 per cent. of the quota capital.

BPAA, with the 60 per cent. of the quota capital controls VOBA CB S.r.l.. In order to avoid any abuse, certain mitigants have been inserted in the Quotaholders' Agreement, as better described in the following paragraph.

### **The Quotaholders' Agreement**

The Quotaholders' Agreement contain, *inter alia*, a call option in favour of BPAA to purchase from Stichting Urano and a put option in favour of Stichting Urano to sell to BPAA, the quota of VOBA CB S.r.l. held by Stichting Urano and provisions in relation to the management of the Guarantor. Each option may only be exercised from the Expiry Date.

In addition the Quotaholders' Agreement provides that no Quotaholder of VOBA CB S.r.l. will approve the payments of any dividends or any repayment or return of capital by VOBA CB S.r.l.

prior to the date on which all amounts of principal and interest on the Covered Bonds and any amount due to the Other Creditors have been paid in full.

**Financial Information concerning the Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses**

The financial year of the Guarantor ends on 31 December of each calendar year.

The financial information of the Guarantor derives from the statutory financial statements of the Guarantor as at and for the years ended on 31 December 2022 and 31 December 2021. Such financial statements, together with their respective auditors' reports and the relevant accompanying notes, are incorporated by reference into this Base Prospectus (see "*Information Incorporated by Reference*" above). The Guarantor has not, from the date of its incorporation, carried out any business activities nor has incurred in any financial indebtedness (other than those incurred in the context of the Programme).

*Capitalisation and Indebtedness Statement*

The capitalisation of VOBA CB S.r.l. as at the date of this Base Prospectus is as follows: 10,000 Euro.

*Quota capital Issued and authorised*

BPAA has a quota of Euro 6,000 and Stichting Urano has a quota of Euro 4,000, each fully paid up.

*Total capitalisation and indebtedness*

Save for the Covered Bonds Guarantee and the Subordinated Loan, in accordance with the Subordinated Loan Agreement, at the date of this Base Prospectus, VOBA CB S.r.l. has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

***Auditors***

The independent auditors of the Guarantor are KPMG, with a registered office at Via Vittor Pisani 27, 20124 Milan, Italy. KPMG is registered on the Register of certified auditors (*Registro dei revisori legali*) held by the Ministry of Economy and Finance ("**MEF**") pursuant to Legislative Decree No. 39 of 27 January 2010.

KPMG audited the financial statements for the year ended 31 December 2021 and 31 December 2022.



## THE ASSET MONITOR

Article 7-*sexiesdecies* of the Law 130 and the BoI Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Covered Bond Guarantee.

Pursuant to Article 7-*sexiesdecies* of the Law 130 and the BoI Regulations, the asset monitor must be an independent auditor enrolled with the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer and the Guarantor.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Board of Statutory Auditors (*collegio sindacale*) of the Issuer.

BDO Italia S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy, having its registered office at Viale Abruzzi 94, 20131, Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 07722780967, included in the Register of Certified Auditors held by the Ministry for Economy and Finance – Stage general accounting office, at no. 167911.

Pursuant to an engagement letter entered into on or about 8 October 2019, as subsequently amended, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning the compliance of the Programme with Title I-*bis* of Law 130 and the BoI Regulations including, *inter alia*, the calculation performed by the Test Calculation Agent in respect of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Minimum OC Requirement with a view to confirming whether such calculations are accurate.

The engagement letter reflects the provisions of Law 130 and the BoI Regulations in relation to the procedures and proportionality principles applicable to the conduct of the monitoring activities by the Asset Monitor, the reports to be prepared and submitted by the Asset Monitor also to the Board of Statutory Auditors (*collegio sindacale*) of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on 10 October 2019, *inter alios*, the Issuer, the Test Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, as from time to time amended, as more fully described under “*Description of the Programme Documents — Asset Monitor Agreement*”, below.

## OVERVIEW OF THE PROGRAMME DOCUMENTS

### Covered Bond Guarantee

On 10 October 2019, the Guarantor, the Issuer and the Representative of the Covered Bondholders entered into the Covered Bond Guarantee, as from time to time amended, pursuant to which the Guarantor agreed to issue, for the benefit of the Covered Bondholders and the Other Issuer Creditors, a first demand, unconditional, irrevocable and autonomous guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme and other payments due to the Other Issuer Creditors. Under the Covered Bond Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become due and payable but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Articles 7-*sexies*, Paragraph 1, letter (c) and 7-*quaterdecies* of Law 130 and the BoI Regulations.

The Representative of the Covered Bondholders will enforce the Covered Bond Guarantee: (i) following the occurrence of an Issuer Event of Default and subject to any applicable grace periods, by serving a Notice to Pay on the Issuer and the Guarantor; and (ii) following the occurrence of a Guarantor Event of Default and subject to any applicable grace periods, by serving an Acceleration Notice on the Guarantor.

Following the service of a Notice to Pay by the Representative of the Covered Bondholders, payment of the Guaranteed Amounts shall be made by the Guarantor on the dates scheduled and for the amounts determined in accordance with the Post-Issuer Event of Default Priority of Payments.

Under the Covered Bond Guarantee, the parties have agreed that, should a resolution pursuant to article 74 of the Consolidated Banking Act be issued in respect of the Issuer, although such event constitutes an Issuer Event of Default, the consequences thereof will only apply during the Suspension Period. Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve a Notice to Pay on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with article 7-*quaterdecies* of Law 130, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the Suspension Period at their relevant due date *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor of an Article 74 Event Cure Notice, informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

Under the Covered Bond Guarantee, the parties thereto have also agreed that, upon enforcement of the Covered Bond Guarantee, the Guarantor shall be entitled to request from the Issuer — also prior to any payments by the Guarantor under the Covered Bond Guarantee — an amount up to the Guaranteed Amounts, in order to secure the Issuer obligations to the subrogation right of the Guarantor. Any sum so received or recovered from the Issuer will be used to make payments in

accordance with the Covered Bond Guarantee. The parties have also agreed that the Guarantor shall no longer be entitled request to the Issuer payment of such amounts if an Acceleration Notice is delivered by the Representative of the Covered Bondholders or the Covered Bonds have been otherwise accelerated pursuant to the Conditions. The service of an Acceleration Notice by the Representative of the Covered Bondholders will result in the acceleration of the right of the Covered Bondholders of each Series of Covered Bonds issued to receive payment of the Guaranteed Amounts and the Representative of the Covered Bondholders will demand the immediate payment by the Guarantor of all Guaranteed Amounts. Payments made by the Guarantor following the service of an Acceleration Notice shall be made *pari passu* and on a *pro-rata* basis to the Covered Bondholders of all outstanding Series of Covered Bonds, in accordance with the Post-Guarantor Event of Default Priority of Payments.

Pursuant to the terms of the Covered Bond Guarantee, the recourse of the Covered Bondholders and the Other Issuer Creditors to the Guarantor under the Covered Bond Guarantee will be limited to the Available Funds.

Furthermore, under the Covered Bond Guarantee, the parties have agreed that as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer or following the delivery of a Notice to Pay to the Issuer and the Guarantor, the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 7-*quaterdecies* of Law 130, the rights of the Covered Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Covered Bond Guarantee, the Guarantor will be fully and automatically subrogated to the Covered Bondholders' and Other Issuer Creditors' rights against the Issuer pursuant to article 2900 *et seq.* of the Italian Civil Code.

#### *Governing law*

The Covered Bond Guarantee is governed by Italian law.

#### **Subordinated Loan Agreement**

On 1 October 2019, the Seller (in its capacity as Subordinated Loan Provider) and the Guarantor entered into a Subordinated Loan Agreement, as from time to time amended, pursuant to Law 130 under which the Seller granted or will grant to the Guarantor a term loan facility in an aggregate amount equal to the Total Commitment, for the purposes of funding the purchase by the Guarantor of Eligible Assets, Integration Assets and/or Liquid Assets from the Seller pursuant to the terms of the Master Transfer Agreement and the Cover Pool Administration Agreement.

In addition, pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider granted or will grant to the Guarantor a term loan facility for the purposes of funding the creation and/or maintenance of a cash reserve sufficient to comply with the Liquidity Buffer Target Amount.

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has acknowledged its undertakings, *inter alia*, (i) pursuant to the Cover Pool Administration Agreement, to transfer further Eligible Assets, Integration Assets and/or Liquid Assets to the Guarantor and to make available to the Guarantor further Term Loans in order to fund the purchase of such assets, and (ii) pursuant to the Master Transfer Agreement, to make available to the Guarantor further Term Loans

in order to fund any settlement amounts of the purchase price of the Initial Portfolio or any New Portfolio which may be due by the Guarantor under the Master Transfer Agreement.

The obligation of the Seller (in its capacity as Subordinated Loan Provider) to advance a Term Loan to the Guarantor under the Subordinated Loan Agreement will be off-set against the obligation of the Guarantor to pay to the Seller the purchase price for the Eligible Assets, Integration Assets and Liquid Assets funded by means of the Term Loan.

On each Guarantor Payment Date and subject to the Subordinated Loan Provider having paid to the Guarantor any shortfall amount, the Guarantor will pay to the Subordinated Loan Provider the amount of the Premium, if any, payable to such Subordinated Loan Provider on the relevant Guarantor Payment Date in accordance with the applicable Priority of Payments and the terms of the Subordinated Loan Agreement.

Interest and Premium, if any, payable in respect of a Term Loan shall be payable on each Guarantor Payment Date following the Drawdown Date (as defined under each Subordinated Loan Agreement) of that Term Loan, subject to the relevant Priority of Payments.

Prior to the delivery of a Notice to Pay, each Term Loan shall be repaid on each Guarantor Payment Date subject to the written request of the Subordinated Loan Provider and the Issuer, according to the Pre-Issuer Event of Default Principal Priority of Payments and within the limits of the then Available Funds, provided that (i) as at the preceding Test Calculation Date the Statutory Test and the Liquidity Buffer Target Amount will be complied with and (ii) such repayment does not result in a breach of any of the Tests and the Liquidity Buffer Target Amount.

Following the service of a Notice to Pay, the Term Loans shall be repaid within the limits of the Available Funds subject to the repayment in full (or, prior to the service of an Acceleration Notice, the accumulation of funds sufficient for the purpose of such repayment) of all Covered Bonds.

Upon occurrence of an Issuer Event of Default, any amount payable by the Guarantor to the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement shall be considered automatically offset against the amounts due by the Subordinated Loan Provider as a result of the enforcement of the Guarantee.

#### *Governing law*

The Subordinated Loan Agreement is governed by Italian law.

#### **Master Transfer Agreement**

On 1 October 2019 the Seller and the Guarantor entered into the Master Transfer Agreement, as from time to time amended, pursuant to which, the Seller has assigned and transferred, and will assign and transfer to the Guarantor, and the Guarantor has purchased and will purchase, without recourse (*pro soluto*) from the Seller, an Initial Portfolio and New Portfolios of Eligible Assets, Integration Assets and Liquid Assets that shall form part of the Cover Pool, in accordance with articles 4 and 7-bis of the Law 130, as applicable until the Implementation Date, and Article 7-sexies and ff. of Titolo I-bis of Law 130, as applicable as of the Implementation Date.

Under the Master Transfer Agreement, upon satisfaction of certain conditions set out therein, the Seller (i) may or shall, as the case may be, assign and transfer, without recourse (*pro soluto*), to the Guarantor and the Guarantor shall purchase, without recourse (*pro soluto*) from the Seller, New Portfolios which shall form part of the Cover Pool held by the Guarantor, if such transfer is

required under the terms of the Cover Pool Administration Agreement in order to ensure the compliance of the Cover Pool with the Tests and/or with the Liquidity Buffer Target Amount and/or the Exposure Limit; and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from the Seller such New Portfolios, in order to supplement the Cover Pool in connection with the issuance of further Series of Covered Bonds under the Programme in accordance with the Programme Agreement.

In addition to (i) and (ii) above, under the terms and subject to the conditions of the Master Transfer Agreement, prior to the delivery to the Issuer and the Guarantor of a Notice to Pay, the Seller may transfer New Portfolios to the Guarantor, which will fund the purchase price thereof through the principal collections then standing to the credit of the Collection Account.

The Purchase Price payable for the Initial Portfolio has been determined pursuant to the Master Transfer Agreement. Under the Master Transfer Agreement the relevant parties thereto have acknowledged that the Purchase Price for the Initial Portfolio have been funded through the proceeds of the first Term Loan under the Subordinated Loan Agreement. The Purchase Price for each New Portfolio will be equal to the aggregate amount of the Individual Purchase Price of all Eligible Assets and/or Integration Assets and/or Liquid Asset comprised in such New Portfolio pursuant to the provisions of the Master Transfer Agreement.

In case the Purchase Price is paid with the principal collections then standing to the credit of the Collection Account and, upon the settlement procedure set out above, the Guarantor is required to pay amounts to the Seller in excess of the Purchase Price already paid, such amounts will be deducted from the amounts due to the Seller as repayment of the outstanding Term Loans and, to the extent no such amounts are available, through the proceeds of an appropriate Term Loan to be made available by the Seller as Subordinated Loan Provider pursuant to the relevant Subordinated Loan Agreement.

The Seller has sold to the Guarantor, and the Guarantor has purchased from the Seller, the Receivables comprised in the Initial Portfolio, which met the Common Criteria (as described in detail in the section headed “*Description of the Cover Pool*”) and the relevant specific criteria (as described in detail under the Master Transfer Agreement) and in accordance with the Covered Bond Regulations applicable prior to the Implementation Date. The Eligible Asset and/or Integration Assets comprised in any New Portfolio to be transferred under the Master Transfer Agreement shall meet, in addition to the Common Criteria, the relevant specific criteria and/or any further criteria.

Pursuant to the Master Transfer Agreement, prior to the occurrence of an Issuer Event of Default, the Seller will have the right to repurchase individual Receivables (including Defaulted Receivables), Integration Assets and/or Liquid Assets transferred to the Guarantor under the Master Transfer Agreement.

After the service of a Notice to Pay, the Guarantor will, prior to disposing of the Eligible Assets, Integration Assets or Liquid Assets pursuant to the terms of the Cover Pool Administration Agreement, offer to sell the such assets to the Seller at a price equal to the minimum purchase price of the relevant Eligible Assets, Integration Assets or Liquid Assets as determined pursuant to the Cover Pool Administration Agreement. If the Guarantor should subsequently propose to transfer such assets for a price lower than the minimum purchase price as determined pursuant to the Cover Pool Administration Agreement, it shall again offer such assets to the Seller on the same terms and conditions offered by such third parties before entering into a transfer agreement with the latter.

#### *Governing law*

The Master Transfer Agreement is governed by Italian law.

## Warranty and Indemnity Agreement

On 1 October 2019, the Seller and the Guarantor entered into a Warranty and Indemnity Agreement, as from time to time amended, pursuant to which the Seller has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Portfolio transferred and to be transferred by it pursuant to the Master Transfer Agreement, the Real Estate Assets over which the relevant Mortgages are established and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the relevant Portfolio.

The Warranty and Indemnity Agreement contains representations and warranties given by the Seller as to matters of law and fact affecting the Seller including, without limitation, that the Seller validly exists as a legal entity, has the corporate authority and power to enter into the Programme Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

The Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Portfolio to which it relates, including, *inter alia*, that, as of the date of execution of each Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, in existence and in compliance with the criteria set forth under the Master Transfer Agreement, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the Seller in compliance with all applicable laws, rules and regulations.

Pursuant to the Warranty and Indemnity Agreement, the Seller has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, any representation and warranty given by the Seller under or pursuant to the relevant Warranty and Indemnity Agreement being false, incomplete or incorrect.

### *Governing law*

The Warranty and Indemnity Agreement is governed by Italian law.

## Servicing Agreement

On 1 October 2019, the Servicer and the Guarantor entered into the Servicing Agreement, as from time to time amended, pursuant to which the Guarantor has appointed Banca Popolare dell'Alto Adige as Servicer of the Receivables. The Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to the Law 130 and will be responsible for the receipt of the Collections acting as agent (*mandatario con obbligo di rendiconto*) of the Guarantor. In such capacity, the Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2, paragraph 3, letter (c), and 2, paragraphs 6-*bis* of the Law 130.

In addition, under the Servicing Agreement, the Guarantor has mandated Banca Popolare dell'Alto Adige to act as "*soggetto incaricato della riscossione e dei servizi di cassa e di pagamento*" in respect of the Public Entity Securities and the Liquid Assets that may be assigned by it to the Guarantor, in accordance with the terms of the Servicing Agreement.

Pursuant to the Servicing Agreement the Servicer will transfer the interest and principal collections with respect to the Receivables to the Collection Account held with the Account Bank within the immediately following Business Day.

Under the Servicing Agreement the Servicer may delegate to third parties, to carry out on behalf of the Guarantor and in accordance with the Servicing Agreement and the Credit and Collection Policy the management, administration, collection and recovery activities with respect to the Receivables transferred by the Seller to the Guarantor.

The Servicer has undertaken to deliver to the Guarantor, the Issuer, the Representative of the Covered Bondholders, the Guarantor Calculation Agent, the Test Calculation Agent, the Issuer Paying Agent, the Guarantor Paying Agent, and the Corporate Servicer, the Monthly Servicer's Report prepared substantially in the form of Schedule 2, part I, of the Servicing Agreement or in the form as may be agreed between the parties thereto.

The Servicer has undertaken to deliver to, *inter alios*, the Guarantor, the Account Bank, the Representative of the Covered Bondholders, the Guarantor Calculation Agent, the Test Calculation Agent, the Asset Monitor, the Issuer Paying Agent, the Corporate Servicer and the Rating Agency, the Quarterly Servicer's Report prepared substantially in the form of Schedule 2, part II, of the Servicing Agreement or in the form as may be agreed between the parties thereto.

The Servicer has represented to the Guarantor that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement in relation to the respective responsibilities.

The Guarantor may terminate the Servicer's appointment and appoint a successor servicer or service provider if certain events occur (each, a "**Servicer Termination Event**"), namely:

- (i) failure (not attributable to *force majeure*) to deposit or pay any amount required to be paid or deposited which failure continues for a period of 10 Business Days following receipt of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;
- (ii) failure to observe or perform duties under the Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the Guarantor (*provided that* a failure ascribable to any delegate of the Servicer shall not constitute a Servicer Termination Event);
- (iii) an Insolvency Event occurs with respect to the Servicer;
- (iv) the representation and warranties given by the Servicer under the Servicing Agreement are false or misleading in any material respect and this has a substantially negative effect on the Guarantor and/or the Programme;
- (v) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement;
- (vi) the Servicer is or will be unable to meet the current or future legal requirements and the BoI Regulations for entities acting as servicers in the context of a covered bonds transaction.

In addition, the Guarantor has appointed Securitisation Services S.p.A. as Back-Up Servicer Facilitator. If the Long Term Issuer Default Rating falls below "BB" by Fitch, the Guarantor, with the support of the Back-up Servicer Facilitator and in collaboration with the Servicer, will make reasonable efforts to appoint a Back-up Servicer, within 45 (forty five) calendar days from the moment on which the Long Term Issuer Default Rating of the Servicer falls below "BB" by Fitch.

#### *Governing law*

The Servicing Agreement is governed by Italian law.

## **Programme Agreement**

For a description of the Programme Agreement, see "*Subscription and Sale*".

## **Intercreditor Agreement**

On 10 October 2019, the Guarantor and the Other Creditors entered into the Intercreditor Agreement, as from time to time amended. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Covered Bondholders will be entitled, in the interest of the Covered Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Programme Documents.

In the Intercreditor Agreement the Other Creditors have agreed, *inter alia*:

- (i) the order of priority of payments to be made out of the Available Funds (for further details in this regard, please see section headed "*Cashflow*" below);
- (ii) that the obligations owed by the Guarantor to the Covered Bondholders and, in general, to the Other Creditors are limited recourse obligations of the Guarantor; and
- (iii) that the Covered Bondholders and the Other Creditors have a claim against the Guarantor only to the extent of the Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of an Acceleration Notice, to comply with all directions of the Representative of the Covered Bondholders, acting pursuant to the Conditions, in relation to the management and administration of the Cover Pool.

### *Governing law*

The Intercreditor Agreement is governed by Italian law.

## **Asset Monitor Agreement**

On 10 October 2019, the Issuer, the Guarantor, the Asset Monitor, the Test Calculation Agent and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, as from time to time amended, whereby each of the Issuer and the Guarantor has appointed the Asset Monitor to perform the services set out therein — please see "*The Asset Monitor*" below.

The appointment by the Guarantor will become effective only subject to, and with effect from, the delivery of a Notice to Pay, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, the Asset Monitor will provide the services to the Guarantor up to the date on which the Representative of the Covered Bondholder will have delivered an Article 74 Event Cure Notice.

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of a Notice to Pay, to the Guarantor, to verify, subject to due receipt of the information to be provided by the Test Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Test Calculation Agent in relation to the, *inter alia*, Statutory Tests, the Asset Coverage Test, the Amortisation Test, the Liquidity Buffer Target Amount, the Exposure Limit and the Minimum OC Requirement carried out pursuant to the Cover Pool Administration Agreement, with a view to confirming whether such calculations are accurate.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the Covered Bondholders and accepted that upon delivery of a Notice to Pay, it will receive instructions from, provide its services to, and be liable *vis-à-vis* the Guarantor



or the Representative of the Covered Bondholders on its behalf, so that the delivery of a Notice to Pay shall entail no termination of the Asset Monitor Agreement.

In addition, on or prior to each relevant date as set out in the Asset Monitor Agreement, the Asset Monitor has undertaken to deliver to the Guarantor, the Test Calculation Agent, the Guarantor Calculation Agent, the Representative of the Covered Bondholders, the Servicer and the Issuer the Asset Monitor Report (as defined under the Asset Monitor Agreement).

The Issuer or the Guarantor (as the case may be) may, until the occurrence of an Issuer Event of Default without any prior approval of the Representative of the Covered Bondholders and following the occurrence of an Issuer Event of Default with the prior approval of the Representative of the Covered Bondholders, revoke the appointment of the Asset Monitor, in either case by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants) written notice to the Asset Monitor (with a copy to the Issuer or the Guarantor (as the case may be) and Representative of the Covered Bondholders and the Test Calculation Agent). In addition, without prejudice to the foregoing, pursuant to article 7-*sexiesdecies*, paragraph 2, of Law 130, the Issuer or the Guarantor (as the case may be) shall terminate the appointment of the Asset Monitor if the Asset Monitor ceases to be independent from the Issuer or any other party to the Programme or its appointment no longer satisfies the requirements set forth by Law 130 and BoI Regulations.

The Asset Monitor may resign from its appointment under the Asset Monitor Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Issuer, the Guarantor, the Test Calculation Agent and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Asset Monitor Agreement.

#### *Governing law*

The Asset Monitor Agreement is governed by Italian law.

#### **Cash Management and Agency Agreement**

On 10 October 2019, the Guarantor, the Issuer, the Seller, the Servicer, the Account Bank, the Guarantor Calculation Agent, the Test Calculation Agent, the Issuer Paying Agent, the Guarantor Paying Agent, the Cash Manager, the Corporate Servicer and the Representative of the Covered Bondholders entered into the Cash Management and Agency Agreement, as from time to time amended.

Under the terms of the Cash Management and Agency Agreement:

- (i) the Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, *inter alia*, the Collection Account, the Reserve Account, the Expenses Account, the Securities Account, the Guarantor Payments Account, the Liquidity Buffer Account (if any) and the Liquidity Buffer Securities Account (if any) and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts pursuant to the terms of the Cash Management and Agency Agreement;
- (ii) the Guarantor Paying Agent or the Issuer Paying Agent, as the case may be, has agreed to provide the Guarantor with certain payment services together with certain calculation services pursuant to the terms of the Cash Management and Agency Agreement;
- (iii) the Guarantor Calculation Agent has agreed to provide the Guarantor with calculation services; and

(iv) the Cash Manager has agreed to provide the Guarantor with investment services.

The Guarantor may (with the prior approval of the Representative of the Covered Bondholders) revoke the appointment of any Agent under the Cash Management and Agency Agreement by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants by the relevant Agent) written notice to the relevant Agent (with a copy to the Representative of the Covered Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Management and Agency Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Covered Bondholders and the Issuer subject to and conditional upon certain conditions set out in the Cash Management and Agency Agreement.

#### *Governing law*

The Cash Management and Agency Agreement is governed by Italian law.

#### **Cover Pool Administration Agreement**

On 10 October 2019, the Issuer, the Guarantor, the Asset Monitor, the Guarantor Calculation Agent, the Test Calculation Agent, the Seller and the Representative of the Covered Bondholders entered into the Cover Pool Administration Agreement, as from time to time amended, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests and the verification of the Liquidity Buffer Target Amount, the Exposure Limit and the Minimum OC Requirement with respect to the Cover Pool and the purchase and sale by the Guarantor of assets included in the Cover Pool.

Under the Cover Pool Administration Agreement, starting from the Issue Date of the first Series of Covered Bonds and until the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms, the Seller has undertaken to procure that on any Test Calculation Date prior to the Servicer of a Notice to Pay each of the Statutory Tests and Asset Coverage Test is met with respect to the Cover Pool. In addition, on each Test Calculation Date (or on each Monthly Test Calculation Date, as applicable) following the service of a Notice to Pay (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice), but prior to service of an Acceleration Notice, the Test Calculation Agent shall verify that the Amortisation Test and the Minimum OC Requirement is met with respect to the Cover Pool.

In addition, pursuant to the Cover Pool Management Agreement, the Test Calculation Agent shall verify – on

The Test Calculation Agent shall verify if each of the Statutory Tests and Asset Coverage Test is met on each Test Calculation Date and, to the extent that on any such Test Calculation Date any of the Statutory Tests and Asset Coverage Test was breached, on any following Monthly Calculation Date until the end of the relevant Test Grace Period.

In addition, pursuant to the Cover Pool Administration Agreement, the Test Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Programme Documents – that (a) the Liquidity Buffer Target Amount is met on each Test Calculation Date and (b) the Exposure Limit has been correctly calculated on each Test Calculation and on any other date on which the verification of the Exposure Limit is required pursuant to the Programme Documents.

The Test Calculation Agent has agreed to prepare and deliver to the Issuer, the Seller, the Guarantor, the Guarantor Calculation Agent, the Representative of the Covered Bondholders, the Rating Agency and the Asset Monitor, not later than the Test Calculation Date (or Monthly Test Calculation Date, as applicable) a report setting out, *inter alia*, the calculations carried out by it in respect to the Statutory Tests, the Asset Coverage Test, Liquidity Buffer Target Amount, the Exposure Limit and (to the extent carried out pursuant to Clause 3.1 (*General undertaking to ensure Amortisation Test is met*) of the Cover Pool Administration Agreement) the Amortisation Test and the Minimum OC Requirement (these latter to the extent carried out pursuant to the Cover Pool Administration Agreement) (the "**Test Performance Report**"), it being understood that the Test Performance Report shall be provided no later than the Monthly Test Calculation Date in case of occurrence of any event described under Clauses 4.2 and 4.5 of the Asset Monitor Agreement. Such Test Performance Report shall specify the occurrence of a breach of the Statutory Tests and/or the Asset Coverage Test and/or the Liquidity Buffer Target Amount and/or the Amortisation Test and/or the Minimum OC Requirement providing details with respect to the relevant calculations including, *inter alia*, the Portfolio with respect to which a shortfall has occurred, identified on the basis of the Seller which transferred it to the Guarantor.

The Test Calculation Agent shall verify each Test on each Test Calculation Date and, to the extent that on any such Test Calculation Date the Asset Coverage Test was breached, on any following Monthly Calculation Date until the end of the relevant Test Grace Period.

In addition, if, on any date until the occurrence of an Issuer Event of Default, the Exposure Limit is not correctly calculated, the Test Calculation Agent shall give notice to the Issuer, the Sellers, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor of such breach (sending a new Test Performance Report with such amount correctly calculated).

If the Test Calculation Agent notifies the breach of any Test in accordance with Clause 4.2 (*Breach of Tests*) of the Cover Pool Administration Agreement, during the period starting on the date on which the breach is notified by the Test Calculation Agent and ending on the following Test Calculation Date (the "**Test Grace Period**"), the Guarantor will purchase Eligible Assets and/or Integration Assets, to be transferred by the Seller in an aggregate amount sufficient to ensure, also taking into account the information provided by the Test Calculation Agent in the Test Performance Report notifying the relevant breach, that as of the Test Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool and/or in the Cover Pool for Statutory Tests, as the case may be provided that, in accordance with Clause 4.5 of the Cover Pool Administration Agreement, failure to remedy the Test will trigger an Issuer Event of Default only to the extent that on the end of the relevant Test Grace Period, the relevant breach has not been remedied in accordance with Clause 4.3 (*Grace Period and Remedy of Tests*) of the Cover Pool Administration Agreement during the applicable Test Grace Period.

For the purpose of allowing the Guarantor to fund the purchases referred to above: the Issuer, in its capacity as Subordinated Loan Provider, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets, Integration Assets and/or Liquid Assets to be transferred by the Issuer. For the avoidance of doubt, the Issuer acknowledges and agrees that the Total Commitment amount set out from time to time under the Subordinated Loan Agreement shall under no circumstances be construed as a limitation with respect to the Issuer's obligations to advance the Term Loans due to the Guarantor in order to fund the purchase price for the relevant Eligible Assets, Integration Assets and Liquid Assets.

Following the notification by the Test Calculation Agent that:

- (a) on a given Test Calculation Date, the Statutory Tests and/or of the Asset Coverage Test and/or the Amortisation Test have been breached; and
- (b) after the end of the relevant Test Grace Period, the relevant breach has not been remedied in accordance with Clause 4.3 (*Grace Period and Remedy of Tests*) of the Cover Pool Administration Agreement during the applicable Test Grace Period,

then the Representative of the Covered Bondholders will deliver, as the case may be:

- (i) a Notice to Pay to the Issuer and the Guarantor; or
- (ii) an Acceleration Notice on the Guarantor, if a Notice to Pay has already been served (provided that, should such Notice to Pay consist of an Article 74 Event, it has not served an Article 74 Event Cure Notice) and the Amortisation Test is breached.

Upon receipt of a Notice to Pay or an Acceleration Notice, the Guarantor shall dispose of the assets included in the Cover Pool. The Issuer will not issue further Series of Covered Bonds following the breach of Tests which have not been cured or otherwise remedied.

After the service of a Notice to Pay on the Issuer and the Guarantor, but prior to the service of an Acceleration Notice, the Guarantor (also through the Servicer, pursuant to Clause 2.5.2 of the Servicing Agreement) will sell, refinance or otherwise liquidate the Eligible Assets, Integration Assets and Liquid Assets included in the Cover Pool in accordance with Clause 8 of the Cover Pool Administration Agreement (including for the purpose of meeting the Liquidity Buffer Target Amount), subject to the rights of pre-emption in favour of the Issuer to buy such Eligible Assets, Integration Assets and Liquid Assets pursuant to the Master Transfer Agreement, provided that, in case of the Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Covered Bondholders will have delivered an Article 74 Event Cure Notice.

The Eligible Assets, Integration Assets and/or Liquid Assets to be sold or liquidated will be selected from the Cover Pool on a random basis by the Servicer on behalf of the Guarantor and so to ensure that the ratio between the aggregate Outstanding Principal of the Cover Pool for Statutory Tests and the Outstanding Principal Amount of all Series of Covered Bonds remains unaltered both prior to and following the sale or liquidation of the relevant Selected Assets and repayment of the Earliest Maturing Covered Bonds (any such Eligible Assets and Liquid Assets together with any relevant Integration Assets, the "**Selected Assets**").

Before offering Selected Assets for sale or liquidating them, the Guarantor shall ensure that the Selected Assets have an aggregate Outstanding Principal Balance which is as close as possible to:

- (c) the Outstanding Principal Amount in respect of the Earliest Maturing Covered Bonds, multiplied by  $1 + (\text{Negative Carry Factor} \times (\text{days to maturity of the relevant Series of Covered Bonds} / 365))$ ; minus
- (d) amounts standing to the credit of the Collection Account, the Payment Account and the Reserve Account; minus
- (e) the principal amount of any Integration Assets consisting of deposits,

excluding, with respect to items (b) and (c) above, all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the applicable Priority of Payments (the "**Required Outstanding Principal Balance**").

The Guarantor through the Portfolio Manager will offer the Selected Assets for sale or liquidate them for the best price or proceeds reasonably available but in any event for an amount not less than the Required Outstanding Principal Balance (the "**Required Outstanding Principal Balance Amount**").

If the Selected Assets have not been sold or otherwise liquidated in an amount equal to the Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Collection Account, the Payment Account and the Reserve Account available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor through the Portfolio Manager will offer the Selected Assets for sale or liquidate them for the best price reasonably available notwithstanding that such price may be less than the Required Outstanding Principal Balance Amount and provided that the Guarantor will sell or liquidate further Selected Assets as are necessary to generate proceeds at least equal to the Required Outstanding Principal Balance Amount.

With respect to any sale or liquidation to be carried out in accordance with the foregoing (including for the purpose of meeting the Liquidity Buffer Target Amount), the Guarantor shall instruct the Portfolio Manager (as defined below) - to the extent possible taking into account the time left before the Maturity Date or Extended Maturity Date (if applicable) of the Earliest Maturing Covered Bonds - to sell or liquidate any Integration Assets or Liquid Assets included in the Selected Assets before any Eligible Assets are sold in accordance herewith.

The Guarantor may offer for sale or otherwise liquidate part of any portfolio of Selected Assets (a "**Partial Portfolio**"). Except in circumstances described under the Cover Pool Administration Agreement, the sale price or liquidation proceeds of the Partial Portfolio (as a proportion of the Required Outstanding Principal Balance Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Assets.

Upon the service of an Issuer Event of Default on the Issuer and the Guarantor, the Guarantor will through a tender process (to be carried out by the Guarantor Corporate Servicer on behalf of the Guarantor) appoint a portfolio manager (the "**Portfolio Manager**") of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best proceeds for the sale or liquidation of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale to purchasers (except where the Issuer is buying the Selected Assets in accordance with its right of pre-emption under the Master Transfer Agreement) or liquidation of the Selected Assets. The terms of the agreement giving effect to the appointment of the Portfolio Manager in accordance with such tender, as well as the terms and conditions of the sale of the Selected Assets, shall be approved by the Representative of the Covered Bondholders, provided however that the Representative of the Covered Bondholders shall never be responsible against any person whatsoever for the selection of, and the performance of the activities entrusted with, the Portfolio Manager so appointed.

Following the delivery of a Notice to Pay consisting of an Article 74 Event, the obligation of the Guarantor to sell or liquidate Selected Assets, as described above, shall cease to apply starting from the date on which the Representative of the Covered Bondholders delivers to the Issuer, the Seller, the Guarantor and the Asset Monitor an Article 74 Event Cure Notice in accordance with the provisions of the Covered Bond Guarantee.

Following the delivery by the Representative of the Covered Bondholders of an Acceleration Notice, the Guarantor shall immediately sell or liquidate all assets included in the Cover Pool (other than cash deposits) in accordance with the procedures described above and the proceeds thereof will be applied as Available Funds, *provided that* the Guarantor (or, in the absence, the Representative of the Covered Bondholders) will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale or liquidation is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

In addition, pursuant to the Cover Pool Administration Agreement:

- a) if, on any Test Calculation Date the Liquidity Buffer Target Amount is not reached, upon notice of the Test Calculation Agent sent in accordance with the Cover Pool Administration Agreement, the Issuer may: (i) sell Liquid Assets to the Guarantor in accordance with the Master Transfer Agreement and, to this extent, shall grant the funds necessary for payment of the purchase price of the assets to the Guarantor in accordance with the Subordinated Loan Agreement; and/or (ii) repurchase assets by exercising the call option provided for under the Master Transfer Agreement in accordance with, and subject to the terms, set out therein; and/or (iii) grant to the Guarantor funds under the Subordinated Loan Agreement, in an aggregate amount sufficient to ensure that the Liquidity Buffer Target Amount is reached as soon as practicable;
- b) if, on any date until the occurrence of an Issuer Event of Default and if the Statutory Tests are not breached, the Exposure Limit is not correctly calculated, the Test Calculation Agent shall give notice to the Issuer, the Seller, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor of such breach (sending a new Test Performance Report with such amount correctly computed). In addition, the Issuer may (i) in its capacity as Seller, sell sufficient Eligible Assets, Integration Assets or Liquid Assets to the Guarantor in accordance with the Master Transfer Agreement; and/or (ii) in its capacity as Subordinated Loan Provider, request the Guarantor to reimburse the Subordinated Loan in accordance with the Subordinated Loan Agreement; and/or (iii) in its capacity as Cash Manager invest part of the Liquid Assets and/or Integration Assets in excess of the Exposure Limit in form of securities eligible under Article 129, paragraph 1, letters (a) and (b) of the CRR, in an aggregate amount sufficient to ensure that the Exposure Limit is complied with as soon as practicable and in any event within one month following the delivery of the notice of the Test Calculation Agent;
- c) if, following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor (but prior to the service on the Guarantor of an Acceleration Notice), on any Test Calculation Date or on any other date on which the verification of Minimum OC Requirement is required pursuant to the Programme Documents, the Minimum OC Requirement is not reached in accordance with the provisions of the Cover Pool Administration Agreement, then the Guarantor, acting upon instructions of the Representative of the Covered Bondholders (who shall act upon instructions of the Covered Bondholders in accordance with the Rules of the Organisation of the Covered Bondholders), shall (i) give instructions to the Cash Manager to invest all or part of the amounts standing to the Reserve Account in Eligible Assets, Integration Assets and/or Liquid Assets in form of securities eligible under Article 129 paragraph 1, (a) and (b), of the CRR and/or; (ii) instruct the Portfolio Manager to sell a sufficient amount of non eligible assets necessary to reach the Minimum OC Requirement.

#### *Governing law*

The Cover Pool Administration Agreement is governed by Italian law.

## **The Swap Agreements**

The Guarantor may enter into one or more Swap Agreements on or about the Issue Date of a Series of Covered Bonds with one or more Covered Bond Swap Counterparty to hedge certain interest rate, currency and other risks in respect of amounts payable by the Guarantor in respect of the Series of Covered Bonds issued on that Issue Date. The aggregate notional amount of the Swap Agreements entered into on each Issue Date shall be linked to the Outstanding Principal Amount of the relevant Series of Covered Bonds.

### ***Swap Agreement Credit Support Document***

Each Swap Agreement will be supplemented and complemented by a credit support document in the form of the ISDA 1995 Credit Support Annex (Transfer English Law) to the ISDA Master Agreement (a "**Credit Support Annex**"). The Credit Support Annex will provide that the relevant Covered Bond Swap Counterparty, if required to do so following its downgrade or the downgrade of its credit support provider and subject to the conditions specified in such Credit Support Annex, will transfer collateral ("**Swap Collateral**"), and the Guarantor will be obliged to return equivalent collateral in accordance with the terms of the Swap Agreement.

Cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms and within the limits of the Swap Agreement .

Any Swap Collateral will be returned by the Guarantor to the relevant Covered Bond Swap Counterparty directly in accordance with the terms of the Swap Agreement and not under any Priority of Payments.

### ***Governing law***

The Swap Agreements and any non-contractual obligations arising out or connected with them will be governed by English Law.

## **Mandate Agreement**

On or about 10 October 2019, the Guarantor and the Representative of the Covered Bondholders entered into a mandate agreement (the "**Mandate Agreement**"), as from time to time amended, pursuant to which the Representative of the Covered Bondholders shall be authorised, subject to an Acceleration Notice being delivered to the Guarantor or upon failure by the Guarantor to exercise its rights under the Programme Documents and, subject to certain conditions, to exercise, in the name and on behalf of the Guarantor, in the interest of the Covered Bondholders and for the benefit of the Other Creditors all the Guarantor's right with reference to certain Programme Documents.

### ***Governing law***

The Mandate Agreement is governed by Italian law.

## **Deed of Pledge**

On or about 10 October 2019, the Guarantor, the Representative of the Covered Bondholders and the Other Creditors entered into the Deed of Pledge, as from time to time amended and extended, under which, without prejudice and in addition to any security, guarantee and other right provided by the Law 130 and the Deed of Charge, securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the

Guarantor is or will be entitled to from time to time pursuant to certain Programme Documents, as amended and restated from time to time, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of an Acceleration Notice.

*Governing law*

The Deed of Pledge is governed by Italian law.

**Deed of Charge**

The Guarantor shall enter into the Deed of Charge, as from time to time amended, with the Representative of the Covered Bondholders pursuant to which, without prejudice and in addition to any security, guarantees and other rights provided by the Law 130 and the Deed of Pledge securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor may charge and assign in favour of the Representative of the Covered Bondholders as trustee for the Covered Bondholders and the Other Creditors all of its right, title, benefit and interest under the Swap Agreements, including the benefit of any guarantees thereunder, and right or title on or to any asset subject to English law. The security that may be created pursuant to the Deed of Charge will become enforceable upon the service of an Acceleration Notice.

*Governing law*

The Deed of Charge shall be governed by English law.

**Corporate Services Agreement**

On or about 10 October 2019, the Corporate Servicer and the Guarantor have entered into a corporate services agreement with the Corporate Servicer (the "**Corporate Services Agreement**"), as from time to time amended, pursuant to which the Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor

*Governing law*

The Corporate Services Agreement is governed by Italian law.

**Quotaholders' Agreement**

For a description of the Quotaholders' Agreement, see "*The Guarantor*".



## CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Covered Bondholders of a Notice to Pay on the Issuer and on the Guarantor or, if earlier, following the occurrence of a Guarantor Event of Default, service by the Representative of the Covered Bondholders of an Acceleration Notice on the Guarantor.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

- the Covered Bond Guarantee provides credit support to the Issuer;
- the Statutory Tests and the Asset Coverage Test are periodically performed with the intention of ensuring that the Cover Pool is at all times sufficient to repay the Covered Bonds;
- the Amortisation Test is periodically performed, following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor, for the purpose of testing the asset coverage of the Guarantor's assets in respect of the Covered Bonds;
- the verification of the Liquidity Buffer Target Amount is periodically performed with the intention of ensuring at all times that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum cumulative Net Liquidity Outflow of the Programme over the next 180 days;
- the verification of the Exposure Limit on each Test Calculation Date (or Monthly Calculation Date, as the case may be) and on any other date on which the verification of the Exposure Limit is required pursuant to the Programme Documents with the intention of ensuring that the Exposure Limit is correctly calculated within the performance of the Tests;
- the verification of the Minimum OC Requirement (i) prior to occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor, performed as part of the Nominal Value Test on each Test Calculation Date (or Monthly Calculation Date, as the case may be) and (ii) following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor (but prior to the service on the Guarantor of an Acceleration Notice), performed in addition to the Amortisation Test for the purpose of testing verify that the Minimum OC Requirement is met on each Test Calculation Date (or Monthly Calculation Date, as the case may be);
- a Reserve Account will be established which will build up over time, in order to ensure that the Guarantor will have sufficient funds set aside to fulfil its obligation to pay interest accruing with respect to the Covered Bonds or the Swap Agreements; and
- the swap agreements that may be entered into in order to hedge certain interest rate, currency or other risks, in respect of amounts received and amounts payable by the Guarantor.

Certain of these factors are considered more fully in the remainder of this section.

### **Guarantee**

The Covered Bond Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when they become due for payment in respect of all Covered Bonds issued under the Programme.

See "*Cashflows* " further, as regards the payment of amounts payable by the Guarantor to Covered Bondholders and the Other Issuer Creditors following the occurrence of an Issuer Event of Default.

### **Compliance with the Tests**

Under the terms of the Cover Pool Administration Agreement, the Issuer must ensure that, on each Test Calculation Date prior to service of a Notice to Pay, the Cover Pool is in compliance with the Tests described below. If on any Test Calculation Date the Cover Pool is not in compliance with the Tests, then the Seller will sell Eligible Assets and/or Integration Assets and/or Liquid Assets to the Guarantor for an amount sufficient to allow the Tests to be met on the next following Test Calculation Date, in accordance with the Master Transfer Agreement and the Cover Pool Administration Agreement, to be financed through the proceeds of the Subordinated Loan to be granted by Seller.

### ***Statutory Tests***

The Statutory Tests are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. In order to ensure that the statutory tests provided for under Article 7-*undecies* of Law 130 (the "**Statutory Tests**") are satisfied and that the Cover Pool is at all times sufficient to repay the Covered Bonds, the Seller must ensure that the three tests set out below are satisfied on each Test Calculation Date.

### ***Nominal Value Test***

The outstanding aggregate principal balance of the Cover Pool for Statutory Tests from time to time owned by the Guarantor (for the avoidance of doubts, this amount includes the aggregate amounts standing to the credit of the Collection Account, the Reserve Account, the Guarantor Payments Account, the Securities Account (if any), the Liquidity Buffer Account (if any) and the Liquidity Buffer Securities Account (if any) (in relation to the principal component only)) up to the end of the immediately preceding Calculation Period which have not been applied in accordance with the relevant Priority of Payments shall be higher than or equal to the Euro Equivalent amount of the Outstanding Principal Amount of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Conditions and the relevant Final Terms at the relevant Test Calculation Date or Monthly Test Calculation Date, as the case may be, provided that the Minimum OC Requirement shall at all time be met (the "**Nominal Value Test**").

### ***Net Present Value Test***

The Issuer and the Seller must ensure, and the Test Calculation Agent shall verify, on each Test Calculation Date and, to the extent that on any such Test Calculation Date or Monthly Test Calculation Date, as the case may be, the Net Present Value Test was breached, on any following Monthly Test Calculation Date until the end of the relevant Test Grace Period, that the Net Present Value Test is met with respect to the Cover Pool for Statutory Tests.

The Net Present Value of the Cover Pool for Statutory Tests shall be higher than or equal to the "Net Present Value of the Euro Equivalent amount of the Covered Bonds" at the relevant Test Calculation Date or Monthly Test Calculation Date (the "**NPV Test**") where

"**Net Present Value of the Cover Pool for Statutory Tests**" means on each Test Calculation Date and/or Monthly Test Calculation Date, an amount equal to the algebraic sum of:

- (i) the product of
  - (A) the applicable Discount Factor; and

- (B) the expected future principal and future interest payments to be received by the Guarantor under or in respect of the Cover Pool for Statutory Tests; plus
- (ii) the product of
  - (a) the applicable Discount Factor; and
  - (b) the expected payments to be made or received by the Guarantor under or in respect of the Swap Agreements complying with the Covered Bond Regulations; *minus*
- (iii) the product of
  - (1) the applicable Discount Factor; and
  - (2) any amount expected to be paid by the Guarantor in priority to the Swap Agreements complying with the Covered Bond Regulations in accordance with the relevant Priorities of Payments (including the Expected Maintenance and Administration Cost); plus
- (iv) any principal payment actually received by the Guarantor in respect of the Cover Pool for the Statutory Test and not yet applied under the relevant Priority of Payments;

**"Net Present Value of the Euro Equivalent amount of the Covered Bonds"** is, on each Test Calculation Date or Monthly Test Calculation Date, as the case may be, an amount equal to the product of (i) the applicable Discount Factor and (ii) the expected principal and interest payments due in respect of the outstanding Series of the Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Conditions and the relevant Final Terms at the relevant Test Calculation Date or Monthly Test Calculation Date, as the case may be.

**"Discount Factor"** means the discount rate, implied in the relevant Swap Curve, calculated by the Test Calculation Agent on each Test Calculation Date and/or Monthly Test Calculation Date and/or on each other day on which the relevant Tests are to be carried out pursuant to the Cover Pool Administration Agreement and the other Programme Documents, as the case may be.

**"Swap Curve"** means the term structure of interest rates used by the Test Calculation Agent in accordance with the best market practice and calculation based on market instruments.

### ***Interest Coverage Test***

The Net Interest Collection of the Cover Pool for Statutory Tests (until the latest Maturity Date of the outstanding Covered Bonds) shall be higher than or equal to the amount of interest due on all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Test Calculation Date or Monthly Test Calculation Date, as the case may be (the **"Interest Coverage Test"**), where :

**"Net Interest Collections from the Cover Pool for Statutory Tests"** means, on each Test Calculation Date and/or Monthly Test Calculation Date, an amount equal to the positive difference between:

- (i) the sum of
  - (a) interest payments received, or expected to be received, by the Guarantor under or in respect of the Cover Pool for Statutory Tests in each and all respective Calculation Periods (including, for the avoidance of doubt, any amount of interest to be realised from the investment into Eligible Investments of principal collections arising from the expected amortisation of the Cover Pool for Statutory Tests in each and all respective Calculation Periods) and any amount of interest accrued on the Collection Account, the

Reserve Account, the Guarantor Payments Account, the Securities Account (if any), the Liquidity Buffer Account (if any) and the Liquidity Buffer Securities Account (if any) and any additional cash flows expected to be deposited in the Collection Account, the Reserve Account, the Guarantor Payments Account, the Securities Account (if any) and the Liquidity Buffer Account (if any) in each and all respective Calculation Periods;

- (b) any amount to be received by the Guarantor as payments under the Swap Agreements complying with the Covered Bond Regulations prior to or on each and all respective Guarantor Payment Dates; and
  - (c) any other amount to be received by the Guarantor as payments under the Swap Agreements complying with the Covered Bond Regulations;
- (ii) the payments (in relation to the interest component only) to be effected in accordance with the relevant Priority of Payments, by the Guarantor in priority to any amount to be paid on the Covered Bonds, and including payments under the Swap Agreements complying with the Covered Bond Regulations on each and all respective Guarantor Payment Dates.

### ***Asset Coverage Test***

In addition to the Statutory Tests, starting from the Initial Issue Date and until the earlier of:

- (a) the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Conditions; and
- (b) the date on which a Notice to Pay is served on the Guarantor,

the Test Calculation Agent shall verify on each Test Calculation Date and, to the extent that on any such Test Calculation Date the Asset Coverage Test was breached, on any following Monthly Test Calculation Date until the end of the relevant Test Grace Period, as the case may be, that the Adjusted Aggregate Loan Amount (as defined below) is at least equal to the Euro Equivalent amount of the aggregate Outstanding Principal Balance of the Covered Bonds (the “**Asset Coverage Test**”).

For the purpose of Article 2.6 (*Asset Coverage Test*) of the Cover Pool Administration Agreement, the “**Adjusted Aggregate Loan Amount**” means an amount calculated in accordance with the following formula:

$$J+K+L-M-N-O$$

where

“**J**” is equal to the lower of (i) and (ii),

where:

- (i) is the aggregate of the “**LTV Adjusted Principal Balance**” of each Mortgage Loan in the Cover Pool for Statutory Tests as at any given date, calculated as the lower of:
  - (1) the actual Outstanding Principal of the relevant Mortgage Loan in the Cover Pool for Statutory Tests as at the last day of the immediately preceding Collection Period; and
  - (2) the Latest Valuation relating to that Mortgage Loan as at such date multiplied by M (where M is equal to (a) 80 per cent for all Mortgage Loans that are up to 90 days In Arrears or not In Arrears, (b) 40 per cent for all Mortgage Loans that are more than 90 days In Arrears but are not yet Defaulted Receivables and (c) zero for all Defaulted Receivables),

*minus*

the aggregate of the following deemed reductions to the aggregate LTV Adjusted Principal Balance of the Mortgage Loans in the Cover Pool for Statutory Tests if any of the following occurred during the immediately preceding Collection Period:

- (A) a Mortgage Loan or any security relating thereto was, during the immediately preceding Calculation Period, in breach of the representations and warranties contained in the Warranty and Indemnity Agreement and the Seller has not indemnified the Guarantor or otherwise cured such breach, to the extent required by the terms of the Warranty and Indemnity Agreement (any such Mortgage Loan an “**Affected Loan**”). In this event, the aggregate LTV Adjusted Principal Balance of the Mortgage Loans in the Cover Pool for Statutory Tests (as calculated on the last day of the immediately preceding Calculation Period) will be deemed to be reduced by an amount equal to the LTV Adjusted Principal Balance of the relevant Affected Loans (as calculated on the last day of the immediately preceding Calculation Period); and/or
- (B) the Seller, in any preceding Calculation Period, was in breach of any other material representation and warranty under the Master Transfer Agreement and/or the Servicer was, in any preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate LTV Adjusted Principal Balance of the Mortgage Loans in the Cover Pool for Statutory Tests (as calculated on the last day of the immediately preceding Calculation Period) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period in respect of such Mortgage Loan (such financial loss to be calculated by the Test Calculation Agent without double counting with the reduction under (A) above and to be set off against any amount paid (in cash or in kind) to the Guarantor by the Seller and/or the Servicer to indemnify the Guarantor for such financial loss) (any such loss a “**Breach Related Loss**”);

AND

- (ii) is the aggregate “**Asset Percentage Adjusted Principal Balance**” of the Mortgage Loans in the Cover Pool for Statutory Tests as at any given date which in relation to each Mortgage Loan shall be calculated as the lower of (1) the actual Outstanding Principal of the relevant Mortgage Loan as calculated on the last day of the immediately preceding Collection Period, and (2) the Latest Valuation relating to that Mortgage Loan as at such date multiplied by N (where N is equal to (a) 100 per cent. for all Mortgage Loans that are up to 90 days In Arrears or not In Arrears, (b) 40 per cent for Mortgage Loans that are more than 90 days In Arrears but are not yet Defaulted Receivables and (c) zero for all Defaulted Receivables),

*minus*

the aggregate sum of (1) the Asset Percentage Adjusted Principal Balance of any Affected Loan(s), calculated as described in item (i)(A) above and/or (2) any Breach Related Losses, calculated as described in item (i)(B) above, the result of which multiplied by the Asset Percentage.

It being understood that in the event the Issuer chooses not to apply such other percentage figure of the Asset Percentage lower than 88 per cent (as defined under item (b) of the relevant definition), this will not result in a breach of the Asset Coverage Test.

For the purpose of the computation of the item A above, the Outstanding Principal of the Mortgage Loans shall include the Outstanding Principal with reference to the relevant Valuation Date of any New Portfolio sold after the last day of the Collection Period and prior to the relevant Test Calculation Date (or Monthly Test Calculation Date, as the case may be), to the extent that (i) the calculation are made during a Test Grace Period or (ii) a Series of Covered Bonds has been issued or is to be issued during the same period of time and all the steps required under the Master Transfer Agreement for the purposes of the purchase of the New Portfolio by the Guarantor having been taken and the relevant notice of assignment having been published in the Official Gazette and registered in the companies' register before the relevant Issue Date.

“**K**” is equal to the aggregate amount of all sums standing to the credit of the Collection Account, the Reserve Account, the Guarantor Payments Account, the Securities Account (if any), the Liquidity Buffer Account (if any) and the Liquidity Buffer Securities Account (if any) as at the end of the immediately preceding Calculation Period which have not been applied in accordance with the relevant Priority of Payments up to the Exposure Limit, as applicable, as at such date;

“**L**” is equal to the aggregate Outstanding Principal Balance of any Integration Assets, Eligible Investments and/or Liquid Assets (taking into account any Integration Assets and/or Liquid Assets in excess of the Exposure Limit pursuant to the Master Transfer Agreement for the purpose of complying with the Asset Coverage Test) as the end of the immediately preceding Calculation Period (without duplication with the amounts standing to the credit of the Accounts under “**K**” above);

“**M**” is equal to the Potential Set-Off Amount.

“**N**” is equal to the aggregate amount of the principal instalment of each Mortgage Loan which have been deferred in accordance with a Payment Holiday, as long as the relevant Mortgage Loan has a Payment Holiday, meaning that (a) during the Payment Holiday for each Mortgage Loan is equal to a fixed amount calculated as the sum of the principal component of each deferred instalment and that (b) after the end of the Payment Holiday the amount is equal to zero;

“**O**” means the amount resulting from the product of (i) the weighted average remaining maturity of all Covered Bonds then outstanding expressed in days and divided by 365, (ii) the Euro Equivalent amount of the aggregate Outstanding Principal Balance of the Covered Bonds, and (iii) the Negative Carry Factor.

“**Asset Percentage**” means, on any Test Calculation Date and/or Monthly Test Calculation Date and/or on any other date on which the Asset Coverage Test is to be performed under the Cover Pool Administration Agreement or under other Programme Documents, as the case may be, the lower of (a) 88 per cent. and (b) such lower percentage figure determined by the Issuer on behalf of the Guarantor (after procuring the level of *overcollateralization* in line with the target rating) and notified using the *pro-forma* notice attached under Schedule 1 of the Cover Pool Administration Agreement to the Guarantor, the Guarantor Calculation Agent, the Servicer, the Rating Agency and the Representative of the Covered Bondholders.

“**Payment Holiday**” means in respect of a Mortgage Loan, the period of deferral of the payment of (a) its interest and principal instalments or (b) its principal instalments in accordance with (i) the application of moratoria provisions from time to time granted to Debtors by any laws, agreements between Italian banking associations and national consumer associations, the Bank of Italy or other regulatory bodies regulations, or (ii) the agreement reached by the Servicer and the Debtors.

#### ***Amortisation Test***

The Amortisation Test is intended to ensure that, following an Issuer Event of Default, the service of a Notice to Pay on the Issuer and on the Guarantor (but prior to service on the Guarantor of an Acceleration Notice), the Cover Pool contains sufficient assets to enable the Guarantor to meet its obligations under the Covered Bond Guarantee. The Amortisation Test will be considered met if, on the relevant Test Calculation Date (or on each Monthly Test Calculation Date, as applicable), the Amortisation Test Aggregate Loan Amount is an amount at least equal to the Euro Equivalent of the Outstanding Principal Amount of the issued Covered Bonds. If the Amortisation Test Aggregate Loan Amount is less than the Outstanding Principal Amount of the issued Covered Bonds, then the Amortisation Test will be deemed to be breached and if such breach is not remedied by the Seller (or failing which, the Issuer) in accordance with Clause 4.3 (*Grace Period and Remedy of Tests*) of the Cover Pool Administration Agreement during the applicable Test Grace Period, an Acceleration Notice will be served by the Representative of the Covered Bondholders on the Guarantor causing the acceleration of the Covered Bonds and a demand for enforcement of the Covered Bond Guarantee. The Test Calculation Agent, whilst Covered Bonds are outstanding, will immediately notify the Representative of the Covered Bondholders of any breach of the Amortisation Test. Following an Acceleration Notice, the Guarantor will be required to make payments in accordance with the Post-Guarantor Event of Default Priority of Payments.

The "**Amortisation Test Aggregate Loan Amount**" will be calculated on each Test Calculation Date and/or Monthly Test Calculation Date, by applying the following formula:

$$A+B+C-Z$$

where,

"**A**" stands for the "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan in the Cover Pool as at the relevant Test Calculation Date, defined as the lower of:

- (i) the actual Outstanding Principal of each Mortgage Loan as calculated on the last day of the immediately preceding Collection Period multiplied by M; and
- (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where M is equal to (a) 100 per cent., for all Mortgage Loans that are up to 90 days In Arrears or not In Arrears, (b) 85 per cent. for all Mortgage Loans that are more than 90 days In Arrears but are not yet Defaulted Receivables and (c) 70 per cent. for all Defaulted Receivables (including unsecured receivables, in case a default pursuant to article 178 of the CRR occurs, as provided by article 7-*undecies*, paragraph 2, letter a) of Law 130,

*minus*

the aggregate sum of the following deemed reductions to the aggregate Outstanding Principal of the Mortgage Loans in the Cover Pool if any of the following occurred during the immediately preceding Collection Period:

- (I) a Mortgage Loan was, in the immediately preceding Collection Period, an Affected Loan. In this event, the aggregate Outstanding Principal of the Mortgage Loans in the Cover Pool (as calculated on the last day of the immediately preceding Calculation Period) will be deemed to be reduced by an amount equal to the Outstanding Principal of the relevant Affected Loans (as calculated on the last day of the immediately preceding Calculation Period) multiplied by M (where M is equal to (a) 100 per cent., for all Mortgage Loans that are up to 90 days In Arrears or not In Arrears, (b) 85 per cent. for all Mortgage Loans that are more than 90 days In Arrears but are not yet Defaulted Receivables and (c) 70 per cent. for all Defaulted Receivables; and/or

- (II) the Seller, in any preceding Calculation Period, was in breach of any other material representation and warranty under the Master Transfer Agreement and/or the Servicer was, in any preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Outstanding Principal of the Mortgage Loans in the Cover Pool (as calculated on the last day of the immediately preceding Calculation Period) will be deemed to be reduced, by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period in respect of such Mortgage Loan (such financial loss to be calculated by the Test Calculation Agent without double counting with the reduction under (I) above and to be set off against any amount paid (in cash or in kind) to the Guarantor by the Seller and/or the Servicer to indemnify the Guarantor for such financial loss);

"**B**" stands for the aggregate of principal amount standing to the credit of the Collection Account, the Reserve Account, Guarantor Payments Account, the Securities Account (if any), the Liquidity Buffer Account (if any) and the Liquidity Buffer Securities Account (if any) and the principal amount of any Eligible Investment, Integration Assets or Liquid Assets at the end of the preceding Collection Period up to the Exposure Limit as applicable;

"**C**" stands for the aggregate amount of all principal amounts collected by the Servicer in respect of the Cover Pool up to the end of the immediately preceding Collection Period which have not been provisioned as at the relevant Test Calculation Date to acquire further New Portfolio and/or Integration Assets and/or Liquid Assets or otherwise provisioned in accordance with the Programme Documents; and

"**Z**" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Outstanding Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

### ***Reserve Account***

The Reserve Account is held in the name of the Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the relevant Required Reserve Amount. Such Required Reserve Amount will be determined on each Guarantor Payment Date in an amount sufficient to ensure that, in the event that a payment is required to the Guarantor under the Covered Bond Guarantee, the Guarantor would have sufficient funds set aside and readily available to pay:

- (iii) (A) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Guarantor Payment Period (such that, (a) if Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the net amount due to the Covered Bond Swap Counterparty or the amount due to the Covered Bondholders of such Series, (b) if Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due to the Covered Bondholders of such Series and (c) if Swap Agreements are in place for a portion of a Series of Covered Bonds, such interest amounts accruing will be the sum of (i) for the portion of the Series covered by the Swap Agreement, the higher of the amount due to the Covered Bond Swap Counterparty and the amount due to the Covered Bondholders of such Series, and (ii) for the remaining portion, the interest amounts accruing will be the proportional amount due to the Covered Bondholders of such Series in each case as calculated by the Guarantor Calculation Agent on or prior to each Guarantor Calculation Date, *plus* (B) prior to the service of a Notice to Pay, the aggregate amount to be paid by the Guarantor on the next two Guarantor Payment



Dates following the relevant Guarantor Calculation Date in respect of the items (*First*) to (*Third*) (each inclusive) of the Pre- Issuer Event of Default Interest Priority of Payments; *plus*

- (iv) any additional amount that the Issuer has voluntarily resolved to accumulate as reserve in order to create an additional stock to procure that the Statutory Tests are met with respect to the Cover Pool.

### ***Liquidity Buffer Target Amount***

Pursuant to the Cover Pool Administration Agreement and in accordance with, and pursuant to, article 7-*duodecies* of Law 130 and the BoI Regulations, for so long as the Covered Bonds remain outstanding, the Issuer shall procure on a continuing basis and on each Test Calculation Date, that the amount of Liquid Assets standing to the credit of the Accounts is equal to or higher than the maximum cumulative Net Liquidity Outflow of the Programme over the next 180 days. In accordance with article 7-*undecies*, paragraph 2, letter c), of Law 130, the Liquid Assets standing to the credit of the Accounts shall be considered to contribute to the Cover Pool, provided that such liquid assets satisfy the requirements to qualify as eligible assets set forth in article 7-*novies*, paragraph 1, letter a), of Law 130.

Pursuant to the Cover Pool Administration Agreement, the Test Calculation Agent shall verify that the Liquidity Buffer Target Amount is met on each Test Calculation Date (or Monthly Test Calculation Date, as the case may be).

If, on any Test Calculation Date (or Monthly Calculation Date, as the case may be) the Liquidity Buffer Target Amount is not reached, upon notice of the Test Calculation Agent delivered in accordance with the Cover Pool Administration Agreement, the Issuer may: (i) sell Liquid Assets to the Guarantor in accordance with the Master Transfer Agreement and, to this extent, shall grant the funds necessary for payment of the purchase price of the assets to the Guarantor in accordance with the Subordinated Loan Agreement; and/or (ii) repurchase assets by exercising the call option provided for under the Master Transfer Agreement in accordance with, and subject to the terms, set out therein, and/or (iii) grant to the Guarantor funds under the Subordinated Loan Agreement, in an aggregate amount sufficient to ensure that the Liquidity Buffer Target Amount is reached as soon as practicable.

If the breach of the Liquidity Buffer Target Amount is not remedied, the Issuer shall not issue further series of Covered Bonds compliant with Law 130 and the EU Directive on Covered Bonds.

### ***Exposure Limit***

Pursuant to the Cover Pool Administration Agreement, the Test Calculation Agent shall verify – on the basis of the information made available to it in accordance with the Programme Documents – that the Exposure Limit has been correctly computed calculated on each Test Calculation Date (or Monthly Test Calculation Date, as the case may be) and on any other date on which the verification of the Exposure Limit is required pursuant to the Transaction Documents.

If, on any date until the occurrence of the Issuer Event of Default and if the Statutory Tests are not breached, the Exposure Limit is not correctly calculated, the Test Calculation Agent will give notice to the Issuer, the Seller, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor of such miscalculation (sending a new Test Performance Report with such amount correctly computedcalculated). In addition, the Issuer may: (i) in its capacity as Seller, sell sufficient Eligible Assets, Integration Assets or Liquid Assets to the Guarantor in accordance with the Master Transfer Agreement; and/or (ii) in its capacity as Subordinated Loan Provider, request the Guarantor to

reimburse the Subordinated Loan in accordance with the Subordinated Loan Agreement; and/or (iii) in its capacity as Cash Manager invest part of the Liquid Assets and/or Integration Assets in excess of the Exposure Limit in form of securities eligible under Article 129, paragraph 1, letters (a) and (b) of the CRR, in an aggregate amount sufficient to ensure that the Exposure Limit subject to the terms and conditions set out under the Cover Pool Administration Agreement.

After the occurrence of an Issuer Event of Default and if the Amortisation Test is not breached, if the Exposure Limit is not complied with, the Test Calculation Agent shall give notice to the Issuer and the Representative of the Covered Bondholders, acting upon instructions of the Covered Bondholders and on the basis of the Test Performance Report, shall give instructions to the Cash Manager to invest all or part of the amounts standing on the Reserve Account in Liquid Assets or Integration Assets in form of securities eligible under Article 129 paragraph 1, (a) and (b) of CRR.

### ***Minimum OC Requirement***

Pursuant to the Cover Pool Administration Agreement, (i) prior to occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor, the Test Calculation Agent will verify the Minimum OC Requirement as part of the Nominal Value Test on each Test Calculation Date (or Monthly Calculation Date, as the case may be) and (ii) following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the Issuer and the Guarantor (but prior to the service on the Guarantor of an Acceleration Notice), the Test Calculation Agent shall verify (in addition to the Amortisation Test being met) that the Minimum OC Requirement is met on each Test Calculation Date (or Monthly Calculation Date, as the case may be).

If the Minimum OC Requirement is not reached in accordance with the provisions of the Cover Pool Administration Agreement, then the Guarantor, acting upon instructions of the Representative of the Covered Bondholders (who shall act upon instructions of the Covered Bondholders in accordance with the Rules of the Organisation of the Covered Bondholders), shall (i) give instructions to the Cash Manager to invest all or part of the amounts standing to the Reserve Account in Eligible Assets, Integration Assets and/or Liquid Assets in form of securities eligible under Article 129 paragraph 1, (a) and (b), of the CRR and/or; (ii) instruct the Portfolio Manager to sell a sufficient amount of non eligible assets necessary to reach the Minimum OC Requirement.

## CASHFLOWS

As described above under "*Credit Structure*", until a Notice to Pay is served on the Issuer and the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

### Definitions

For the purposes hereof:

**"Interest Available Funds"** means, on each Guarantor Payment Date, the aggregate of:

- (a) any interest collected by the Servicer in respect of the Cover Pool and credited into the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (b) all interest deriving from the Eligible Investments made with reference to the immediately preceding Collection Period;
- (c) all recoveries in the nature of interest and penalties received by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (d) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Guarantor Payment Date;
- (e) any amounts other than in respect of principal received under the Swap Agreements (other than any Swap Collateral);
- (f) any swap termination payments received from a Covered Bond Swap Counterparty under a Swap Agreement, provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will first be used to pay a Replacement Covered Bond Swap Counterparty to enter into a Replacement Swap Agreement, unless a Replacement Swap Agreement has already been entered into by or on behalf of the Guarantor;
- (g) prior to the service of a Notice to Pay on the Guarantor amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount and following the service of a Notice to Pay on the Guarantor, any amounts standing to the credit of the Reserve Account;
- (h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period;
- (i) the interest amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period.

**"Principal Available Funds"** means in respect of any Guarantor Payment Date, the aggregate of, without duplication:

- (a) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (b) all other recoveries in the nature of principal collected by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (c) all proceeds deriving from the sale, if any, of the Eligible Assets, Integration Assets or Liquid Assets during the Collection Period preceding the relevant Guarantor Payment Date;
- (d) without duplication with other items of this definition, all principal proceeds deriving from the liquidation of Eligible Investments during the Collection Period preceding the relevant Guarantor Payment Date;
- (e) any other principal amounts standing to the credit of the Accounts as of the immediately preceding Collection Date;
- (f) all amounts in respect of principal (if any) received under any Swap Agreement (other than the Swap Collateral);
- (g) any amounts to be transferred pursuant to item (vi) of the Pre-Issuer Event of Default Interest Priority of Payments;
- (h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period;
- (i) principal amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period;
- (j) any amount paid under the Subordinated Loan and not repaid, standing to the credit of the Collection Accounts;
- (k) following an Notice to Pay, and before an Acceleration Notice, all principal amounts standing to the credit of the Liquidity Buffer Account as at the relevant Guarantor Calculation Date.

***Pre-Issuer Event of Default Interest Priority of Payments***

On each Guarantor Payment Date, prior to the service of a Notice to Pay on the Issuer and the Guarantor, the Guarantor will use the Interest Available Funds to make payments or to make provisions (the "**Pre-Issuer Event of Default Interest Priority of Payments**") towards payments due before the following Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *First*, to pay *pari passu* and *pro rata* according to the respective amounts thereof any and all taxes due and payable by the Guarantor, to the extent that such sums are not met by utilising the amounts standing to the credit of the Expense Account;
- (ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any Guarantor's documented fees, costs, expenses, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation (the "**Expenses**"), to the extent that such costs and expenses are not met by utilising the amount standing to the credit of the Expense Account and to credit the amount necessary to replenish the Expense Account up to the Expense Required Amount;

- (iii) *Third*, to pay, in the following order any amount due and payable (including, but not limited to, fees, costs and expenses):
  - (A) the Representative of the Covered Bondholders;
  - (B) *pari passu* and *pro rata* according to the respective amounts thereof, the Guarantor Calculation Agent, the Paying Agents, the Cash Manager, the Account Bank, the Portfolio Manager (if any), the Servicer, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator, the Test Calculation Agent and the Asset Monitor;
- (iv) *Fourth*, to pay interest amounts due and payable to the Covered Bond Swap Counterparty (if any), *pro rata* and *pari passu* in respect of each relevant Swap Agreement (including any termination payment due and payable by the Guarantor except the Excluded Swap Termination Amount);
- (v) *Fifth*, to credit to the Reserve Account an amount required to ensure that the Reserve Account is funded up to the Required Reserve Amount, as calculated on the immediately preceding Guarantor Calculation Date;
- (vi) *Sixth*, to allocate to the credit of the Principal Available Funds an amount equal to the amounts paid under item (i) of the Pre-Issuer Event of Default Principal Priority of Payments in the preceding Guarantor Payment Dates and not yet repaid under this item;
- (vii) *Seventh*, to pay *pari passu* and *pro rata* any Base Interest due and payable on each Guarantor Payment Date to the Seller pursuant to the terms of the Subordinated Loan Agreement ;
- (viii) *Eighth*, upon the occurrence of a Servicer Termination Event, to credit all remaining Interest Available Funds to the Collection Account until such Servicer Termination Event is either remedied or waived by the Representative of the Covered Bondholders or a new servicer is appointed;
- (ix) *Ninth*, to pay *pro rata* and *pari passu* in accordance with the respective amounts thereof any Excluded Swap Termination Amount; and
- (x) *Tenth*, to pay any Premium Interest on the Subordinated Loan, provided that no breach of Tests has occurred and is continuing.

For the avoidance of doubt any Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Counterparty pursuant to the terms of the relevant Swap Agreement directly and not under the Priority of Payments.

#### **Pre-Issuer Event of Default Principal Priority of Payments**

On each Guarantor Payment Date, prior to the service of a Notice to Pay on the Issuer and the Guarantor, the Guarantor will use the Principal Available Funds to make payments or to make provisions (the "**Pre-Issuer Event of Default Principal Priority of Payments**") towards payments due before the following Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments of provisions of a higher priority have been made in full):

- (i) *First*, to pay any amount due and payable under items (i) to (v) of the Pre-Issuer Event of Default Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;

- (ii) *Second*, to pay or make provision for payment of, *pro rata* and *pari passu*, the purchase price for the acquisition of the Subsequent Receivables of Eligible Assets, Integration Assets and/or Liquid Assets (other than those funded through the proceeds of the Subordinated Loan);
- (iii) *Third*, to pay, *pro rata* and *pari passu*:
  - (a) any principal amounts due or to become due and payable to the relevant Covered Bond Counterparties *pro rata* and *pari passu* in respect of each relevant Swap Agreement (including any termination payment due and payable by the Guarantor except the Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement; and
  - (b) the amounts (in respect of principal) due or to become due and payable under the Subordinated Loan provided that in any case the Asset Coverage Test and the Statutory Tests and the Liquidity Buffer Target Amount are still satisfied after such payment and where applicable, provided that no amounts shall be applied to make a payment in respect of the Subordinated Loan if the principal amounts outstanding under the relevant Series or Tranche of Covered Bonds which have fallen due for payment on such Guarantor Payment Date have not been repaid in full by the Issuer;
  - (c) to the extent that the Subordinated Loan Provider has not received amounts as repayment of the Subordinated Loan under item *Third* above, to deposit the relevant amounts in the Collection Account or the Liquidity Buffer Account, as the case may be.

For the avoidance of doubt any Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Counterparty pursuant to the terms of the relevant Swap Agreement directly and not under the Priority of Payments.

#### ***Post-Issuer Event of Default Priority of Payments***

On each Guarantor Payment Date, following an Issuer Event of Default and the service of a Notice to Pay on the Issuer and the Guarantor, but prior to the occurrence of a Guarantor Event of Default, the Guarantor will use the Available Funds to make payments or to make provisions (the “**Post-Issuer Event of Default Priority of Payments**”) towards payments due before the following Guarantor Payment Date in the order of priority set out below (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses and taxes, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and to credit the amount necessary to replenish the Expense Account up to the Expense Required Amount;
- (ii) *Second*, to pay, in the following order any amount due and payable to:
  - (A) *the* Representative of the Covered Bondholders;
  - (B) *pari passu* and *pro rata* according to the respective amounts thereof, the Guarantor Calculation Agent, the Paying Agents, the Cash Manager, the Account Bank, the Portfolio Manager (if any), the Servicer, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator, the Test Calculation Agent and the Asset Monitor;
- (iii) *Third*, to pay *pro rata* and *pari passu*:

- a) interest payments due to the Covered Bond Swap Counterparty (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount);
- b) any interest amount due and payable on each Series of Covered Bonds;
- (iv) *Fourth*, to pay *pro rata* and *pari passu*: a) principal payments due to the Covered Bond Swap Counterparty (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount); and b) any amount due and payable as principal on the Covered Bonds;
- (v) *Fifth*, to credit the Liquidity Buffer Account (if any) with an amount equal to the difference between (i) the Liquidity Buffer Target Amount and (ii) the aggregate of the amounts standing to the credit of the Liquidity Buffer Account and the nominal value of Liquid Assets which have not matured on or prior to such Guarantor Payment Date;
- (vi) *Sixth*, to deposit on the Reserve Account any residual amount until all Covered Bonds are fully repaid or until an amount equal to the Redemption Amount for each Series of Covered Bonds outstanding has been accumulated;
- (vii) *Seventh*, after each Series or Tranche of Covered Bonds has been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Reserve Amount has been accumulated into the Reserve Account in respect of each outstanding Series or Tranche of Covered Bonds) to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor;
- (viii) *Eighth*, to pay to the Seller any amount due and payable under the Programme Documents, to the extent not already paid or payable under other items above; and
- (ix) *Ninth*, after the Covered Bonds have been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Reserve Amount has been accumulated into the Reserve Account in respect of each outstanding Series or Tranche of Covered Bonds) any remaining moneys will be applied in and towards repayment in full of amounts outstanding under the Subordinated Loan Agreement.

#### **Post-Guarantor Event of Default Priority of Payments**

On each Guarantor Payment Date, following a Guarantor Event of Default and the service of an Acceleration Notice, the Available Funds will be used to make payments in the order of priority set out below (the “**Post-Guarantor Event of Default Priority of Payments**”) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses and taxes and to credit the amount necessary to replenish the Expense Account up to the Expense Required Amount;
- (ii) *Second*, to pay, in the following order any amount due and payable:
  - (A) the Representative of the Covered Bondholders;
  - (B) *pari passu* and *pro rata* according to the respective amounts thereof, the Guarantor Calculation Agent, the Paying Agents, the Cash Manager, the Account Bank, the Portfolio Manager (if any), the Servicer, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator, the Test Calculation Agent and the Asset Monitor;

- (iii) *Third*, to pay *pro rata* and *pari passu*:
  - a) principal and interests due to the Covered Bond Swap Counterparty (including any termination payment due and payable by the Guarantor but excluding any Excluded Swap Termination Amount); and
  - b) any principal and interest amount due and payable on each Series of Covered Bonds;
- (iv) *Fourth*, to pay *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor;
- (v) *Fifth*, to pay to the Seller any amount due and payable under the Programme Documents, to the extent not already paid or payable under other items above;
- (vi) *Sixth*, to pay any remaining moneys towards repayment of amounts outstanding under the Subordinated Loan Agreement.



## DESCRIPTION OF THE COVER POOL

The Cover Pool is comprised of (i) the Portfolio, which is in turn comprised of Mortgage Loans and related collateral and (ii) any other Eligible Assets, Integration Assets and Liquid Assets held by the Guarantor assigned to the Guarantor by the Seller from time to time in accordance with the terms of the Master Transfer Agreement and the provisions of and the provisions of the Covered Bond Regulations.

The Initial Portfolio and each New Portfolio acquired by the Guarantor (the "**Portfolio**"), consists of Mortgage Loans sold by any the Seller to the Guarantor from time to time, in accordance with the terms of the Master Transfer Agreement and the provisions of the Covered Bond Regulations, as more fully described under "*Overview of the Programme Documents — Master Transfer Agreement*".

For the purposes hereof:

"**Initial Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from the Seller pursuant to the Master Transfer Agreement;

"**New Portfolio**" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, Integration Assets and/or Liquid Assets which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the Master Transfer Agreement.

"**Covered Bond Regulations**" means Law 130, the MEF Decree (until the Implementation Date), the BoI Regulations and Article 129 of CRR and any other applicable provision of CRR, as amended from time to time;

### **Eligibility Criteria**

The sale of Loans and their Related Security and the transfer of any other Eligible Asset, Integration Asset or Liquid Assets to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on the relevant Transfer Date (except as otherwise indicated). The Eligibility Criteria with respect to each asset type will vary from time to time but will at all times include criteria so that Italian law requirements are met.

Mortgage Loans are considered eligible assets (*attivi idonei* or "**Eligible Assets**").

"**Mortgage Loan**" means (i) any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed, pursuant to article 2, sub-paragraph 1, of MEF Decree; and (ii) from the Implementation Date, any residential mortgage loan that meet the requirements of Article 129, paragraph 1, let. (d) of the CRR and Article 7-*novies* of Law 130.

### **Eligibility Criteria for Mortgage Loans**

Under the Master Transfer Agreement, the Seller and the Guarantor have agreed the following common criteria (the "**Common Criteria**") (see "*Overview of the Programme Documents — Master Transfer Agreement*" above) that will be applied in selecting the Mortgage Loans that will be transferred thereunder to the Guarantor:

Receivables which as at the Valuation Date satisfy the following Common Criteria:

- i. residential mortgage receivables (i) up to the lesser of the principal amount of the liens that are combined with any prior liens and 80 % of the value of the pledged properties, in accordance with Article 129, paragraph 1, let. (d) of the CRR, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a residential property, in

respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80% of the value of the residential property;

- ii. receivables in relation to which the consolidation period applicable to the relevant mortgage has ended and the relevant mortgage is not subject to appeal pursuant to Article 67 of Royal Decree No. 267 of 16 March 1942 and, where applicable, Article 39, paragraph 4, of Legislative Decree No. 385 of 1 September 1993;
- iii. receivables which have been drawn or purchased by BPAA;
- iv. receivables which are governed by Italian law;
- v. receivables which are performing;
- vi. receivables in relation to which no instalments outstanding for more than 30 days from the due payment date subsist;
- vii. receivables in respect of which the debtor has paid at least one instalment (also considering an interest instalment only);
- viii. which provide for all payments on behalf of the debtor to be made in Euro;
- ix. receivables which provide for the reimbursement of principal and the payment of interest through monthly, bimonthly, quarterly or semi-annual instalments;
- x. receivables which have been fully disbursed;
- xi. receivables which have been granted to an individual or more individuals jointly;
- xii. receivables which bear a floating interest rate (including a floating interest rate with a cap) or a fixed interest rate or a floating/fixed interest rate with a switch option from floating to fixed and vice versa;
- xiii. receivables secured by an economic first ranking mortgage which is (i) a legal first ranking mortgage, or (ii) (A) mortgage ranking subordinated to the legal first ranking mortgages, provided that all obligations secured by mortgage/mortgages with a prevailing ranking, had been fully satisfied; (b) mortgages ranking subordinated to the legal first ranking provided that all mortgages with prevailing ranking are registered in favour of the Seller as a security for claims that satisfy all the other Criteria related to the Seller;
- xiv. receivables in respect of which the outstanding principal as at the Valuation Date is lower than Euro 10,000,000;
- xv. which do not include any clauses limiting the possibility for Banca Popolare dell'Alto Adige to assign the receivables arising thereunder or providing the debtor's consent for such assignment, Banca Popolare dell'Alto Adige has obtained such consent;

## DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

*The following is a general description of the legislation that may be relevant to investors in assessing the Covered Bonds, including recent legislation affecting the rights of mortgage borrowers. It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this summary is based on Italian Legislation as in effect on the date of this Base Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Covered Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.*

### ***The legal framework before 31 March 2023***

Italian Law 130 of 30 April 1999 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

Law Decree No. 35 of 14 March 2005, converted by Law No. 80 of 14 May 2005, amended the Italian Law 130 of 30 April 1999 as applicable until the entry into force of BoI Regulations by adding two new articles, Articles 7-bis and 7-ter, which enable banks to issue covered bonds. Articles 7-bis and 7-ter in view of issuing covered bonds (*obbligazioni bancarie garantite*), however, required both the Italian Ministry of Economy and Finance and the Bank of Italy to issue specific regulations before the relevant structures could be implemented.

The Law 130 was further amended by Law Decree no. 145 of 23 December 2013 as converted with amendments into Law n. 9 of 21 February 2014, by Law Decree no. 91 of 24 June 2014 as converted with amendments into Law No. 116 of 11 August 2014 and by Law Decree no. 34 of 30 April 2019, as converted with amendments into Law No. 58 of 28 June 2019.

The Bank of Italy published new supervisory regulations on banks in December 2013 (*Circolare* of the Bank of Italy No. 285 of 17 December 2013) which came into force on 1 January 2014, implementing CRD IV Package and setting out additional local prudential rules concerning matters not harmonised on EU level. Following the publication on 25 June 2014 of the 5<sup>th</sup> update to Circular of the Bank of Italy No. 285 of 17 December 2013, which added a new Chapter 3 (“*Obbligazioni bancarie garantite*”) in Part III contained therein, the provisions set forth under Title V, Chapter 3 of *Circolare* No. 263 of 27 December 2006 have been abrogated.

The BoI Regulations introduced provisions, among other things, regulating:

- i. the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;
- ii. limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- iii. criteria to be adopted in the integration of the assets constituting the cover pools;
- iv. the identification of the cases in which the integration is permitted and its limits; and

monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction.

### ***The legal framework after 31 March 2023***

On 18 December 2019, the following provisions were published on the Official Journal of the European

Union:

- i. Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the “**EU Covered Bond Directive**”); and
- ii. Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds (the “**EU Covered Bond Regulation**”).

The EU Covered Bond Regulation and the EU Covered Bond Directive amended certain provisions of the CRR on covered bonds and introduced standards on the issuance of covered bonds and covered bond public supervision. More in particular, the new EU Covered Bond Regulation makes certain amendments to the CRR to strengthen the quality of the covered bonds eligible for favorable capital treatment, and the new EU Covered Bond Directive aims to harmonize the regulation and treatment of covered bonds across EU Member States.

Pursuant to the EU Covered Bond Directive, Member States had to implement the EU Covered Bond Directive by 8 July 2021 and the transposing provisions shall apply from 8 July 2022 at the latest. The EU Covered Bond Regulation shall apply from 8 July 2022.

On 8 May 2021, the Law No. 53 of 22 April 2021 (the “**European Delegated Law 2019-2020**”) has entered into force. It delegates the Italian Government to implement – *inter alia* – the EU Covered Bond Directive.

According to the European Delegated Law 2019-2020:

- i. the Bank of Italy is the competent authority for the supervision on covered bonds;
- ii. the implementing provisions shall provide for the exercise of the option granted by Article 17 of the EU Covered Bond Directive, allowing for the issue of covered bonds with extendable maturity structures; and
- iii. the implementing provisions shall grant the Bank of Italy with the power to exercise the option to set for covered bonds a minimum level of overcollateralization lower than the thresholds set out under Article 1 of the EU Covered Bond Regulation (i.e. 2% or 5% depending on the assets included in the cover pool).

The EU Covered Bond Directive was transposed into the Italian legal framework by means of Legislative Decree 5 November 2021, n. 190 (the “**Decree 190**”) which modified Law 30 April 1999, n.130 and entered into force on December 1st, 2021.

The Legislative Decree 190/2021 designated the Bank of Italy as the competent authority for the public supervision of the covered bonds, and entrusted it with the issuing of the implementing provisions of the Title I-*bis* of Law 130, as amended, by 8 July 2022, in accordance with article 3, paragraph 2, of Decree 190 (the “**Implementing Provisions**”).

The Decree 190 repealed, *inter alia*, articles 7-*bis*, 7-*ter* and 7-*quater* of Law 30 April 1999, n.130 (as applicable until the entry into force of the Implementing Provisions) and introduced the new Title I-*bis* of the Law 30 April 1999, n.130, which sets out the legislative framework applicable to covered bonds issued as of the adoption by the Bank of Italy of new the supervisory instructions set out in Part

III, Chapter 3 of the “*Disposizioni di Vigilanza per le Banche*” dated 30 March 2023 (Circolare No. 285 of 17 December 2013), as amended from time to time (the “**BoI Regulations**”).

In this respect, it is worth mentioning that the national legislator chose to exercise the following options provided by the EU Covered Bond Directive: (i) the possibility not to apply the liquidity requirement of the cover pool limited to the period covered by the liquidity requirement provided for in Delegated Regulation (EU) 2015/61; (ii) the possibility of allowing the issuance of covered bonds with extendable maturity structures; (iii) the possibility of allowing the calculation of the liquidity requirement of the cover pool in case of programs with extendable maturity by taking as a reference the final maturity date for the payment of principal.

On 30 March 2023 the Bank of Italy published the Implementing Provisions, entering into force on 31 March 2023, and amending the BoI Regulations with regard, inter alia, to the definition of (i) the criteria for the assessment of the eligible assets and the conditions for including covered bonds among eligible assets for derivative contracts with hedging purposes; (ii) the procedures for calculating hedging requirements; (iii) the conditions for establishing new issuance programmes; (iv) giving the possibility also to banks with credit rating 3 to act as counterparties of a derivative contract with hedging purposes; (v) the reduction of the minimum level of over-collateralization for covered bonds (i.e. 2% instead of 5%), deciding not to exercise such optionality (vi) the conditions for issuing under already existing programme as of the date of the entry into force of the Implementing Provisions.

In accordance with the Decree 190:

- i. until the entry into force of the BoI Regulations (i.e., 31 March 2023), covered bonds have been issued pursuant to article 7-*bis* of the Law No. 130 of 30 April 1999 as applicable until the entry into force of the Implementing Provisions amending the Bank of Italy Regulation, the Decree of the Ministry of Economy and Finance of 14 December 2006, No. 310 (the “**MEF Decree**”), the previous version of the supervisory instructions of the Bank of Italy containing the “*Disposizioni di Vigilanza per le Banche*” relating to covered bonds (*Obbligazioni Bancarie Garantite*) under Part III, Chapter 3, of the Circular No. 285 dated 17 December 2013 and the previous version of article 129 of the CRR; and
- ii. (as of the entry into force of the Implementing Provisions amending the Bank of Italy Regulations (i.e., 31 March 2023), covered bonds will be issued pursuant to the provisions of Title I-*bis* of the Law 130, the new BoI Regulations, as amended, and the Article 129 of the CRR, as amended by the EU Covered Bond Regulation.

#### ***Basic structure of a covered bond issue***

The structure provided under Title I-*bis* of Law 130 with respect to the issue of covered bonds may be summarised as follows:

- i. a bank transfers a pool of eligible assets pursuant to Law 130 and Article 129 of the CRR (*i.e.* the cover pool) to an Article 7-*septies* special purpose vehicle (the “**SPV**”);
- ii. the bank grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;
- iii. the bank issues the covered bonds which are supported by a first demand, unconditional, autonomous and irrevocable guarantee issued by the SPV for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the Transaction. The Covered Bond Guarantee is backed by the entire cover pool held by the SPV.

Title I-*bis* of Law 130 however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

### ***The SPV***

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Law 130, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

### ***The guarantee***

The Article 7-*quaterdecies* of Law 130 provides that the guarantee issued by the SPV for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the SPV must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. The acceleration of the issuer's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the SPV's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, the SPV will be solely responsible for the payment obligations of the issuer owed to the covered bond holders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. In addition, the SPV will be exclusively entitled to exercise the rights of the covered bond holders vis à vis the issuer's bankruptcy in accordance with the applicable bankruptcy law. Any amount recovered by the SPV from the bankruptcy of the issuer become part of the cover pool.

Finally, if a moratorium is imposed on the issuer's payments, the SPV will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The SPV will then have recourse against the issuer for any such payments.

### ***Segregation and subordination***

Article 7-*octies* of Law 130 provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-*octies* of Law 130 expressly provides that the claim for reimbursement of the loan granted to the SPV to fund the purchase of assets in the cover pool is subordinated to the rights of the covered bond holders and of the hedging counterparties involved in the transaction.

### ***Exemption from claw-back***

Article 7-*octies* of Law 130 provides that the guarantee and the subordinated loan granted to fund the payment by the SPV of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 67 of the Bankruptcy Law (Royal Decree No. 267 of 16 March 1942) or, after the entry into force of the Crisis and Insolvency Code, Article 166 of the Crisis and Insolvency Code.

In addition to the above, any payments made by an assigned debtor to the SPV may not be subject to any claw-back action according to Article 65 and Article 67 of the Bankruptcy Law (Royal Decree No. 267 of 16 March 1942) or, after the entry into force of the Crisis and Insolvency Code, Article 166 or Article 164, paragraph 1 of the Crisis and Insolvency Code.

### ***The Cover Pool***

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-novies of the Law 130, see "*Description of the Cover Pool – Eligibility Criteria*".

Ratio between cover pool value and covered bond outstanding amount.

Article 7-undecies of Law 130 provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool (net of all the transaction costs borne by the SPV, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;
- the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the SPV) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

It being understood that, for the calculations of the mandatory tests, the issuing bank shall comply, *inter alia*, with the following criteria:

- (i) pursuant to Article 7-undecies, paragraph 2, letter a) of the Law 130, unsecured receivables, in the event of a default pursuant to Article 178 of Regulation (EU) No 575/2013, shall not contribute to the calculations of the mandatory tests;
- (ii) pursuant to Article 7-undecies, paragraph 2, letter b) of the Law 130, the costs related to maintenance and administration for the winding-down of the covered bonds programme may be calculated as a lump sum;
- (iii) pursuant to Article 7-undecies, paragraph 2, letter c) of the Law 130, the liquid assets (as defined under Article 7-duodecies of Law 130) shall contribute to the calculations of the mandatory tests provided that they comply with the conditions for qualifying as eligible assets set out under Article 7-novies, paragraph 1, letter (a), of the Law 130;
- (iv) pursuant to Article 7-undecies, paragraph 2, letter d) of the Law 130, the calculation of the interest generated by the assets included in the cover pool and the interest due by the Issuer on the OBG outstanding shall be made on the basis of prudent criteria and criteria consistent with the applicable accounting principles;
- (v) pursuant to Article 7-undecies, paragraph 2, letter f) of the Law 130, the methodologies for the calculation of the numerator and denominator of the mandatory tests are based on criteria consistent with each other.

In addition, pursuant to Article 129, paragraph 3a, of the CRR, in addition to being collateralised by the Assets, covered bonds shall be subject to a minimum level of 5% of overcollateralisation.

### ***The liquidity buffer***

Pursuant to Article 7-*duodecies*, paragraph 1 of the Law 130, the Issuer ensures on an ongoing basis, for the entire duration of the cover bond programme, that the segregated assets include a liquidity reserve that is at least equal to the maximum cumulative net outflow of liquidity over the next 180 days.

The liquidity buffer reserve is composed of the following liquid assets having the characteristics set forth in Article 7-*duodecies*, paragraph 2, of Law 130:

- a) high quality liquid assets (as identified in Commission Delegated Regulation (EU) 2015/61);
- b) exposures with an original maturity of ninety days or less to credit institutions that qualify for credit quality steps 1 or 2 or short-term exposures to credit institutions that are classified for credit quality steps 1, 2 or 3 in accordance with Article 129, paragraph 1, letter (c) of the CRR.

In respect of the above, under the BoI Regulations, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's board of auditors and the Bank of Italy, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The BoI Regulations require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12-months the monitoring activity carried out with respect to each covered bond transaction, basing such review, among other things, on the evaluations supplied by the asset monitor.

In addition to the above, pursuant to the BoI Regulations provide that the management body of the issuing bank must ensure that the internal structures delegated to the risk management verify at least every six months and for each transaction completeness, accuracy and timeliness of information available to investors pursuant to Section V of the BoI Regulations.

In order to ensure that the monitoring activities above may be appropriately implemented, the BoI Regulations require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

### ***Substitution of assets***

The BoI Regulations provide that the substitution of the eligible assets comprised in the cover pool is permitted provided that such option is expressly provided for in the programme and in the issuance prospectus.

### ***Public disclosure***

Pursuant to Article 7-*septiesdecies* of the Law 130, the issuing bank shall publish, at least quarterly, including on its website and in accordance with the implementing provisions of the Bank of Italy, information on issuance programmes in order to enable investors to perform an informed assessment of the issuances and the associated risks.

Section V of the Bank of Italy Regulations, which sets out the relevant information to be provided to the investors.

### ***Taxation***



Article 7-*vicies ter* provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, *provided that*:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

The provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

### ***Usury Law***

Italian Law number 108 of 7 March 1996, as amended by law decree No. 70 of 13 May 2011 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury. In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law.

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

According to recent court precedents of the Italian Supreme Court (*Corte di Cassazione*), the remuneration of any given financing must be below the applicable Usury Rate from time to time applicable. Based on this recent evolution of case law on the matter, it will constitute a breach of the Usury Law if the remuneration of a financing is lower than the applicable Usury Rate at the time the terms of the financing were agreed but becomes higher than the applicable Usury Rate at any point in time thereafter. Furthermore, those court precedents have also stated that default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rate. That interpretation is in contradiction with the current methodology for determining the Usury Rates,

considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. On 3 July 2013, also the Bank of Italy has confirmed in an official document that default interest rates should be taken into account for the purposes of the Statutory Usury Rates and has acknowledged that there is a discrepancy between the methods utilised to determine the remuneration of any given financing (which must include default rates) and the applicable Statutory Usury Rates against which the former must be compared.

To solve such a contrast between different Italian Supreme Court (*Corte di Cassazione*) decisions, a recent decision by the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 24675 dated 18 July 2017) finally stated that interest rates which were compliant with the Usury Rate as at the time of the execution of the financing agreements but exceeded such threshold thereafter, are lawful also from a civil law perspective falling outside of the scope of the Usury Law. In this respect, due to the recent date of this last decision, it remains unclear how such decision will be applied by the merit courts.

In addition, the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 19597 dated 18 September 2020) stated that, in order to assess whether a loan complies with the Usury Law, also default interest rates shall be included in the calculation of the remuneration to be compared with the Usury Rates. In this respect, should that remuneration be higher than the Usury Rates, only the ‘type’ of rate which determined the breach shall be deemed as null and void. As a consequence, the entire amount referable to the rate which determined the breach of said threshold shall be deemed as unenforceable according to the last interpretation of the Supreme Court.

### ***Compound interest***

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

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

Recently, article 17 bis of law decree 18 of 14 February 2016 as converted into Law no. 49 of 8 April 2016 amended article 120, paragraph 2, of the Consolidated Banking Act, providing that the accrued interest shall not produce further interests, except for default interests, and are calculated exclusively

on the principal amount. On 8 August 2016, the decree no. 343 of 3 August 2016 issued by the Minister of Economy and Finance, in his quality of President of the CICR, implementing article 120, paragraph 2, of the Banking Law, has been published. Given the novelty of this new legislation and the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Base Prospectus.

## TAXATION

Prospective purchasers of Covered Bonds are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Covered Bonds, including, but not limited to, the consequences of receipt of payments under the Covered Bonds and their disposal or redemption.

### Italian taxation

The following is an overview of current Italian law and practice relating to the taxation of the Covered Bonds. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

Prospective purchasers should be aware that tax treatment depends on the individual circumstances of each Covered Bondholder: as a consequence they should consult their tax advisers as to the consequences under Italian tax law and under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Covered Bonds and receiving payments of interest, principal and/or other amounts under the securities, including in particular the effect of any state, regional or local tax laws.

The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds. This overview does not describe the tax consequences for an investor with respect to Covered Bonds that provide payout linked to the profits of the Issuer, profits of other company of the group or profits of the business in relation to which they are issued.

### Interest and other proceeds from Covered Bonds that qualify as bonds or instruments similar to bonds

Legislative Decree No. 239 of 1 April 1996 (“**Decree No. 239**”), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from certain securities issued, *inter alia*, by Italian resident banks, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*).

For these purposes, debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

### Italian resident Covered Bondholders

Where an Italian resident Covered Bondholder is (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless he has opted for the application of the “*risparmio gestito*” regime – see “*Capital Gains Tax*” below), (b) a non-commercial partnership, pursuant to article 5 of the Italian Income Consolidated Code (“**TUIR**”) (with the exception of general partnership, limited partnership and similar entities) (c) a non-commercial private or public

institution, or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income (other than capital gains) (“**Interest**”) relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26%. In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner’s Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Covered Bonds if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where an Italian resident Covered Bondholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected and the Covered Bonds are deposited with an authorised intermediary, Interest from the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the relevant Covered Bondholder’s annual income tax return and are therefore subject to general Italian corporate taxation (“**IRES**”), generally levied at the rate of 24%. Banks and other financial institutions will be subject to an additional corporation tax levied at the rate of 3.5%. In certain circumstances, subject to the “status” of the Covered Bondholder, also regional tax on productive activities (“**IRAP**”) may apply. IRAP is generally levied at the rate of 3.9% while banks or other financial institutions will be subject to IRAP at the special rate of 4.65%; in any case regions may vary the IRAP rate by up to 0.92%.

If an investor is resident in Italy and is an open-ended or closed-ended investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (the “**Fund**”), a SICAV or a non-real estate SICAF and the Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva* but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF accrued at the end of each tax period. The Fund, the SICAV or the non-real estate SICAF will not be subject to taxation on such result, but a substitutive tax, up to 26%, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into Law No. 410 of 23 November 2001 (“**Decree 351**”), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, Italian real estate investment funds created under Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 and Italian real estate SICAFs (the “**Real Estate SICAFs**”) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the Real Estate SICAF.

Where an Italian resident Covered Bondholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the

relevant portfolio accrued at the end of the tax period, to be subject to a 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term individual savings account (*piano di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (“SIMs”), fiduciary companies, *Società di gestione del risparmio* (“SGRs”), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an “**Intermediary**”) as subsequently amended and integrated.

An Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Covered Bondholder. If Interest on the Covered Bonds are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above will be required to include Interest in their yearly income tax return and subject them to a final substitute tax at a rate of 26%.

### **Non-Italian resident Covered Bondholders**

Where the Covered Bondholder is a non-Italian resident, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, an exemption from *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an institutional investor that is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence; or, independently by the relevant country of tax residence, (c) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

It should be noted that, pursuant to Article 11 of Decree No. 239, the countries which allow for a satisfactory exchange of information with Italy are those countries listed in the Ministerial Decree of 4 September 1996, amended by Italian Ministerial Decree dated 23 March 2017, and as amended from time to time (the “**White List Country**”). Pursuant to Article 1-bis of Ministerial Decree of 4 September 1996, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with the exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries.

The *imposta sostitutiva* will be applicable at the rate of 26% to Interest accrued during the holding period, when the Covered Bondholders are resident, for tax purposes, in countries which do not qualify as a White List Country. The *imposta sostitutiva* may be reduced by applicable double tax treaty, if any.

In order to ensure gross payment, non-Italian resident investors must be the beneficial owners of the payments of interest, premium or other proceeds and (a) deposit, directly or indirectly, the Covered Bonds or the coupons with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 an Italian resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or a non-Italian resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, which remains valid until withdrawn or revoked, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

#### **Payments made by the Guarantor**

The Italian tax authorities have never expressed their view on the Italian tax regime applicable to payments on Covered Bonds made by an Italian resident guarantor in a ruling available to the public. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be subject to an advance withholding tax at a rate of 26 per cent pursuant to Presidential Decree of 1 April 1973, No. 600, as subsequently amended. Also, in the case of payments to non-Italian resident, a final withholding tax may be applied at 26 per cent. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated as a payment by the Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

**Atypical securities** Interest payments relating to Covered Bonds that are not deemed to fall within the category of bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of TUIR may be subject to a withholding tax, levied at the rate of 26%. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity or redemption, an amount not lower than their nominal value with or without the payment of periodic interest, and that do not give any right to directly or indirectly participate in the management of the issuer or to the business in relation to which the securities were issued, nor to control the same.

Where the Covered Bondholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Covered Bonds are connected, (b) an Italian company or a similar Italian commercial entity pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities), (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax; in all other cases, including when the Covered Bondholder is a non-Italian resident, the withholding tax is a final withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the 26% withholding tax, on Interest relating to the Covered Bonds qualifying as atypical securities if such Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

In the case of non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected, the withholding tax may be reduced by the applicable double tax treaty, if any.

### **Capital Gains Tax**

Any gain obtained from the disposal of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is (i) an individual not holding the Covered Bonds in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Covered Bondholder from the disposal of the Covered Bonds would be subject to an *imposta sostitutiva* provided for by Legislative Decree No. 461 of 21 November 1997 (“**Decree No. 461**”), levied at the rate of 26%. Under some conditions and limitations, Covered Bondholders may set off losses with gains. In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Covered Bondholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the relevant Covered Bondholder pursuant to all disposals of the Covered Bonds carried out during any given tax year. These Covered Bondholders must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in their annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- b) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each disposal of the Covered Bonds (the *risparmio amministrato* regime provided for by Article 6 Decree No. 461). Such separate taxation of capital gains is allowed subject to (a) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express election for the *risparmio amministrato* regime being made timely in writing by the relevant Covered Bondholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each disposal of the Covered Bonds, 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 Covered Bondholder or using



funds provided by the Covered Bondholder for this purpose. Under the *risparmio amministrato* regime, where a disposal of the Covered Bonds 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 Covered Bondholder is not required to declare the capital gains in the annual tax return.

- c) Any capital gains realised or accrued by Italian Covered Bondholders under (i) to (iii) above who have entrusted the management of their financial assets, including the Covered Bonds, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26% substitute tax, to be paid by the managing authorised intermediary. Under this *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 Covered Bondholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Covered Bonds if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by a Covered Bondholder who is an Italian real estate fund to which the provisions of Decree 351, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, apply or a Real Estate SICAF will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF.

Any capital gains realised by a Covered Bondholder which is a Fund (as defined above), a SICAV or a SICAF will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund, the SICAV or the SICAF will not be subject to taxation on such result, but a substitutive tax, up to 26%, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Covered Bondholder 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% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Covered Bonds may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

A 26% *imposta sostitutiva* may be payable on capital gains realised on the sale or redemption of the Covered Bonds by non-Italian resident Covered Bondholders, if the Covered Bonds are held in Italy.

However, capital gain realised by non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the disposal of Covered Bonds issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Covered Bonds are transferred on regulated markets, and in certain cases subject to the timely filing of required documentation (in particular, a self-declaration that the Covered Bondholder is not resident in Italy for tax purposes) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Covered Bonds are deposited, even if the Covered Bonds are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Capital gains realised by non-Italian resident Covered Bondholders not holding the Covered Bonds through a permanent establishment in Italy from the disposal of Covered Bonds not transferred on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a White List Country; 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 resident in a White List Country, even if it does not possess the status of a taxpayer in its own country of residence.

If none of the conditions above are met, capital gains realised by non-Italian resident Covered Bondholders from the disposal of Covered Bonds issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26%.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Covered Bonds are connected, who may benefit from a double taxation treaty with Italy providing that capital gains realised upon the disposal of Covered Bonds 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 disposal of Covered Bonds.

### **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, bonds or other securities) as a result of death or donation are taxed as follows:

- a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% 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 of a direct lineage or after relatives-in-law of a collated lineage up to the third degree are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- c) any other transfer, in principle, is subject to an inheritance and gift tax applied at a rate of 8% 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 (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

### **Transfer tax**

Article 37 of Law Decree No. 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian

transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (b) private deeds are subject to registration tax only in case of use (*caso d'uso*), explicit reference (*enunciazione*) or voluntary registration.

### **Stamp duty**

Pursuant to Article 13 (2-ter) of the Tariff, Annex A, Part I, of the Presidential Decree No. 642 of 26 October 1972, as amended from time to time, 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 therewith. As of 1 January 2014, stamp duty applies at a rate of 0.20% and, for taxpayers different from individuals, cannot exceed €14,000. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the securities held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012, as subsequently amended and supplemented) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory.

### **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree No. 201 of 6 December 2011, as subsequently amended and supplemented, Italian resident individuals, non-commercial entities and certain partnerships including *società semplici* or similar partnerships pursuant to Article 5 of TUIR holding the securities outside the Italian territory are required to pay an additional tax at a rate of 0.20% for each year. The wealth tax cannot exceed Euro 14,000 per year 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 of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an

IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Covered Bonds (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds.

### **The proposed European Union financial transaction tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Covered Bonds 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.

Joint statements issued by participating Member States indicate an intention to implement the FTT.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the EU FTT.

## SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement entered into, on or about 8 October 2019, between, *inter alia*, the Issuer, the Guarantor and the Dealers. Under the Programme Agreement, the Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series or Tranche of Covered Bonds.

### **Selling restrictions**

#### **Public Offer Selling Restriction under the Prospectus Regulation**

If the Final Terms of any Covered Bond specifies “Prohibition of Sale to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Covered Bonds to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, (i) the expression an "offer of Covered Bonds to the public" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Regulation in that Member State, (ii) the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

#### ***United Kingdom public offer selling restriction for prospectuses***

If the Final Terms in respect of any Covered Bonds includes the legend “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the UK except that it may make an offer of such Covered Bonds to the public in the UK:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

*provided that* no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

For the purposes of this provision, (i) the expression an “**offer of Covered Bonds to the public**” in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and (ii) the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### ***Prohibition of Sales to EEA Retail Investors***

Unless the Final Terms in respect of any Series of Covered Bonds specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds, as the case may be, which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of article 4(1) of the MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; and
  - (iii) not a qualified investor as defined in the Prospectus Regulation.
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds, as the case may be, to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the case may be.

### ***Prohibition of sales to UK Retail Investors***

Unless the Final Terms in respect of any Series of Covered Bonds specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**").
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

### ***United States of America***

The Covered Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Covered Bonds, (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in case of an issue of the Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States of America or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree, that it will send to each Dealer to which it sells Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States of America or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Covered Bonds an offer or sale of such Covered Bonds within the United States of America by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such

offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### ***Japan***

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***France***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds and that such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1, L.533-16 and L.533-20 of the French Code *monétaire et financier*.

### ***The Republic of Ireland***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell any Covered Bonds except in conformity with the provisions of the Prospectus Regulation and, where applicable, implementing measures in Ireland and the provisions of the Companies Acts 2014 of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) in respect of Covered Bonds issued by Banca Popolare dell’Alto Adige which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Covered Bonds to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Covered Bonds. In addition, such Covered Bonds must be cleared through Euroclear, Clearstream, Luxembourg, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of £300,000 or its equivalent at the date of issuance;
- (c) in respect of Covered Bonds issued by Banca Popolare dell’Alto Adige which are not listed on a stock exchange and which mature within two years, such Covered Bonds must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Covered Bond which are denominated in a currency other than euro or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of



exchange at the date of first publication of this Programme). In addition, such Covered Bonds must be cleared through Euroclear, Clearstream, Luxembourg or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners);

- (d) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Covered Bonds to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (e) it has complied and will comply with all applicable provisions of S.I. No. 60 of 2007, of the European Communities (Markets in Financial Instruments) Regulations 2007 and the provisions of the Investor Compensation Act 1998, with respect to anything done by it in relation to the Covered Bonds or operating in, or otherwise involving, Ireland is acting under and within the terms of an authorisation to do so for the purposes of Directive 2014/65/EU and it has complied with any applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction;
- (f) it has not offered or sold or will not offer or sell any Covered Bonds other than in compliance with the provisions of the Central Bank Acts 1942-2013 (as amended) and any codes of conduct rules made thereunder; and
- (g) it has not offered or sold or will not offer or sell any Covered Bonds other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under the Irish Companies Act 2014 by the Central Bank of Ireland.

### ***Germany***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall only offer Covered Bonds in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other laws applicable in the Federal Republic of Germany.

### ***Republic of Italy***

The offering of Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to any Covered Bonds be distributed in the Republic of Italy, except in circumstances falling within Article 1(4) or 3(2) of the Prospectus Regulation, and in compliance with article 100 of the Legislative Decree No. 58 of 24th February, 1998, as amended (the “**Financial Law**”) and Article 34-*ter*, first paragraph, letter b, of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, as applicable.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under the preceding paragraph above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Law, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1st September 1993, as amended (the “**Banking Law**”);
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable to the Dealer(s), pursuant to article 129 of the Consolidated Banking Act, as amended, and the implementing

guidelines of the Bank of Italy, as amended from time to time) and/ or any other Italian authority.

### **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

## **GENERAL INFORMATION**

### **Listing and Admission to Trading**

This Base Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Regulation by the *Commission de Surveillance du Secteur Financier* ("CSSF") in its capacity as competent authority in the Grand Duchy of Luxembourg for the purposes of the Prospectus Regulation. Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market or on the Professional Segment of the regulated market of the Luxembourg Stock Exchange

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The establishment of the Programme has been duly authorised by the resolutions of the management board of the Issuer respectively dated 7 September 2018, 9 November 2018, 21 December 2018, 10 May 2019, 30 August 2019 and 27 September 2019. The granting of the Covered Bond Guarantee and the establishment of the Programme has been duly authorised by the resolutions of the board of directors of the Guarantor dated 27 September 2019.

### **Issuer Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12-months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer, its respective Subsidiaries.

### **Guarantor Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Guarantor is aware), which may have, or have had since the date of its incorporation, a significant effect on the financial position or profitability of the Guarantor.

### **Trend Information**

Since 31 December 2022, there has been no material adverse change in the prospects of Banca Popolare dell'Alto Adige and the BPAA Group.

Since 31 December 2022 of the Guarantor, there has been no material adverse change in the prospects of the Guarantor.

### **No Significant Change**

There has been no significant change in the financial performance or financial position of Banca Popolare dell'Alto Adige and the BPAA Group since 30 June 2023.

There has been no significant change in the financial performance or financial position of the Guarantor since 31 December 2022.

### **Minimum Denomination**

Where Covered Bonds issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a base prospectus under the Prospectus Regulation, such Covered Bonds will not have a denomination of less than Euro 100,000 (or, where the Covered Bonds are issued in a currency other than Euro, the equivalent amount in such other currency).

### **Publication on the Internet**

This Base Prospectus, any supplement hereto and the Final Terms will be available on the internet site of the Luxembourg Stock Exchange, at [www.luxse.com](http://www.luxse.com).

### **Documents available for inspection**

For so long as the Programme remains in effect or any Covered Bonds shall be outstanding and admitted to trading on the regulated market or on the Professional Segment of the regulated market of the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent, namely:

- (i) the Programme Documents;
- (ii) the Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof (which are available also on <https://www.volksbank.it/it/corporate-governance/documenti-societari>);
- (iii) the Guarantor's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof (which are also available on <https://www.volksbank.it/it/investor-relations/covered-bonds>);
- (iv) the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2021, together with the accompanying notes and auditors' report;
- (v) the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2022, together with the accompanying notes and auditors' report;
- (vi) the unaudited interim condensed non-consolidated financial statements of the Issuer as at and for the six months ended on 30 June 2023, together with the relevant review report ;
- (vii) the audited annual financial statements of the Guarantor as at and for the year ended 31 December 2021;
- (viii) the audited annual financial statements of the Guarantor as at and for the year ended 31 December 2022;
- (ix) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;
- (x) any Final Terms relating to Covered Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Covered Bondholders.

Copies of all such documents shall also be available to Covered Bondholders at the Specified Office of the Representative of the Covered Bondholders.

In any case, copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus will remain publicly available in electronic form for at least 10 years on <https://www.volksbank.it/it/investor-relations>.

### **Auditors**

The financial statements of the Issuer have been audited without qualification for the years ended 31 December 2021 and 31 December 2022 by KPMG S.p.A., Via Vittor Pisani, 27/31, 20124, Milan Italy, independent accountants.

KPMG is registered on the Register of certified auditors (*Registro dei revisori legali*) held by the Ministry of Economy and Finance ("MEF") pursuant to Legislative Decree No. 39 of 27 January 2010.

### **Material Contracts**

Save for the Programme Documents described under section "Overview of the Programme Document" of this Base Prospectus, neither the Issuer nor the Guarantor nor any of their respective subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Covered Bondholders.

### **Clearing of the Covered Bonds**

The Covered Bonds have been accepted for clearance through Monte Titoli, Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Series or Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information.

### **Websites**

Any website included in this Base Prospectus (i) is for information purpose only, (ii) do not form part of this Base Prospectus unless that information is incorporated by reference into the prospectus and (iii) have not been scrutinized or approved by the competent authority in order to comply with Article 10(1) of Commission Delegated Regulation (EU) 2019/979.

## GLOSSARY

**"Acceleration Notice"** means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default.

**"Acceptance"** means the notice sent by the Guarantor to the Subordinated Loan Provider, pursuant to clause 4.2 (*Accettazione*) of the Subordinated Loan Agreement, substantially in the form set out in schedule 2 (*Accettazione*) to the Subordinated Loan Agreement.

**"Account Bank"** means BNP Paribas, Italian Branch, in its capacity as account bank, or any other depository institution that may be appointed as such pursuant to the Cash Management and Agency Agreement.

**"Account Bank Report"** means the report to be prepared and delivered by the Account Bank to the Guarantor, the Seller, the Representative of the Covered Bondholders, the Servicer, the Issuer and the Guarantor Calculation Agent, in accordance with the Cash Management and Agency Agreement.

**"Account Bank Report Date"** means the date falling on the first Business Day of each month.

**"Account Mandates"** means the resolutions, instructions and signature authorities relating to each of the Accounts, given in accordance with clause 4 (*Account Mandates*) of the Cash Management and Agency Agreement.

**"Accounts"** means, collectively, the Expense Account, the Collection Account, the Reserve Account, the Securities Account, the Guarantor Payments Account, the Collateral Cash Swap Account (if any), the Collateral Securities Swap Account (if any), the Liquidity Buffer Account (if any), the Liquidity Buffer Securities Account (if any) and any other account opened from time to time in connection with the Programme.

**"Additional Business Centre(s)"** means the city or cities specified as such in the relevant Final Terms.

**"Additional Financial Centre(s)"** means the city or cities specified as such in the relevant Final Terms.

**"Adjusted Outstanding Principal Balance"** has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Administration Agreement.

**"Affected Loan"** has the meaning ascribed to such term under clause 2.6 (*Asset Coverage Test*) of the Cover Pool Administration Agreement.

**"Affected Receivables"** has the meaning ascribe to such term under clause 8.1 (*Pagamento dell'Indennizzo*) of the Warranty and Indemnity Agreement.

**"Agents"** means each of the Account Bank, the Cash Manager, the Guarantor Calculation Agent, the Test Calculation Agent, the Issuer Paying Agent, the Guarantor Paying Agent and the Corporate Servicer.

**"Amortisation Test"** means the test which will be carried out pursuant clause 3 (*Amortisation Test*) of the Cover Pool Administration Agreement in order to ensure, *inter alia*, that, on each Test Calculation Date following the delivery of a Notice to Pay (but prior to the service to the Guarantor of an Acceleration Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Test Calculation Date.

"**Amortisation Test Verification**" has the meaning ascribed to such term under Clause 3.2.1 (*Scope of Amortisation Test Verification*) of the Asset Monitor Agreement.

"**Amortisation Test Aggregate Loan Amount**" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Administration Agreement.

"**Article 74 Event**" means, in respect of the Issuer, the issue of a resolution pursuant to Article 74 of the Banking Law.

"**Article 74 Event Cure Notice**" means the notice to be served by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor informing that an Article 74 Event has been revoked.

"**Asset Coverage Test**" has the meaning ascribed to such term in clause 2.2.4 (*Asset Coverage Test*) of the Cover Pool Administration Agreement.

"**Asset Coverage Test Verification**" has the meaning ascribed to such term under Clause 3.1.1 (*Scope of Statutory Tests Verification and Asset Coverage Tests Verification*) of the Asset Monitor Agreement.

"**Asset Monitor**" means BDO Italia S.p.A., acting in its capacity as asset monitor, or any other entity that may be appointed as such pursuant to the Asset Monitor Agreement, as amended and restated from time to time.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on or about the Initial Issue Date between, *inter alios*, the Asset Monitor and the Issuer, as amended and restated from time to time.

"**Asset Monitor Report**" means the report to be prepared and delivered by the Asset Monitor to the Guarantor, the Test Calculation Agent, the Guarantor Calculation Agent, the Servicer, the Representative of the Covered Bondholders and the Issuer in accordance with the Asset Monitor Agreement.

"**Asset Monitor Report Date**" has the meaning ascribed to such term in clause 1.2 (*Other Definitions*) of the Asset Monitor Agreement.

"**Asset Percentage**" means, on any Test Calculation Date and/or Monthly Test Calculation Date and/or on any other date on which the Asset Coverage Test is to be performed under this Agreement or under other Programme Documents, as the case may be, the lower of (a) 88 per cent. and (b) such other percentage figure determined by the Issuer on behalf of the Guarantor (after procuring the level of *overcollateralization* in line with target rating), and notified by using the *pro-forma* notice attached under Schedule 1 of the Cover Pool Administration Agreement to the Guarantor, the Guarantor Calculation Agent, the Servicer, the Rating Agency, and the Representative of the Covered Bondholders.

"**Authorised Signatory**" means, in relation to the Seller or any other person, any person who is duly authorised and in respect of whom the Guarantor has received a certificate signed by a director or another Authorised Signatory of the Seller or such other person setting out the name and signature of such person and confirming such person's authority to act.

"**Availability Period**" means the period starting on date of the signing of the Subordinated Loan Agreement and ending on the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the respective Final Terms.

**“Available Funds”** means, collectively, (a) the Interest Available Funds, (b) the Principal Available Funds and (c) the Excess Proceeds provided that the Available Funds do not include the Swap Collateral.

**"Back-Up Servicer"** means the entity which may be appointed by the Guarantor, with the approval by Representative of the Covered Bondholders, pursuant to Clause 7 (*Back-Up Servicer*) of the Servicing Agreement.

**“Back-Up Servicer Facilitator”** means Banca Finanziaria Internazionale S.p.A. (formerly Securitisation Services S.p.A.), or any such other entity as may be appointed pursuant to the Servicing Agreement;

**"Banking Law"** means Legislative Decree No. 385 of 1 September 1993 as amended and supplemented from time to time.

**"Bankruptcy Law"** means Royal Decree No. 267 of 16 March 1942 as amended from time to time.

**“Base Interest”** means the interest payable by the Guarantor to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement.

**"Base Prospectus" or “Prospectus”** means the base prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

**“Beneficiaries”** means the Covered Bondholders and the Other Issuer Creditors as beneficiaries of the Covered Bond Guarantee.

**"BoI Regulations"** (*Regolamento della Banca d'Italia*) means the supervisory guidelines of the Bank of Italy containing the "*Disposizioni di vigilanza per le banche*" relating to covered bonds (*Obbligazioni Bancarie Garantite*) set out in Part III, Chapter 3 of the *Circolare* No. 285 of 17 December 2013, as replaced, amended and supplemented from time to time.

**"BPAA"** means Banca Popolare dell'Alto Adige S.p.A.

**“BPAA Group”** means jointly the banks and the other companies belonging from time to time to the Banca Popolare dell'Alto Adige S.p.A. banking group registered with the Bank of Italy pursuant to Article 64 of the Banking Law.

**"Business Day"** means any day on which real time gross settlement system operated by the Eurosystem (T2) (or any successor thereto) is open.

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

- (i) **"Following Business Day Convention"** means that the Relevant Date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention" or "Modified Business Day Convention"** means that the Relevant Date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the Relevant Date shall be brought back to the first preceding day that is a Business Day;



- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each Relevant Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
- (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the Relevant Date shall not be adjusted in accordance with any Business Day Convention;

**"By-laws"** means the by-laws of the Company, as amended from time to time.

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

**"Calculation Period"** means each Collection Period and, after the delivery of a Test Performance Report assessing that a breach of Test or the Liquidity Buffer Target Amount or the Minimum OC Requirement has occurred, each period beginning on (and including) the first day of the month and ending on (and including) the last day of the same calendar month until such time the relevant breach of Test or the Liquidity Buffer Target Amount or the Minimum OC Requirement has been cured or otherwise remedied in accordance with the Cover Pool Administration Agreement).

**"Cash Management and Agency Agreement"** means the cash management and agency agreement, entered into on 10 October 2019 between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Issuer Paying Agent, the Cash Manager, the Guarantor Paying Agent, the Guarantor Calculation Agent, the Test Calculation Agent and the Account Bank, as amended and restated from time to time.

**"Cash Manager"** means Banca Popolare dell'Alto Adige S.p.A., acting as cash manager pursuant to the Cash Management and Agency Agreement.

**"Cash Manager Report"** means the cash manager report provided by the Cash Manager in accordance with the Cash Management and Agency Agreement.

**"CB Interest Period"** means each period beginning on (and including) a CB Payment Date (or, in case of the first CB Interest Period, the Interest Commencement Date) and ending on (but excluding) the next CB Payment Date (or, in case of the last CB Interest Period, the Maturity Date).

**"CB Payment Date"** means any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first CB Payment Date) or the previous CB Payment Date (in any other case).

**"Civil Code"** means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942.

**"Clearstream"** means Clearstream Banking, société anonyme, Luxembourg.

**"Code of Civil Procedure"** means the Italian code of civil procedure, enacted by Royal Decree No. 1443 of 28 October 1940.

**"Collateral Security"** means any security (including any loan mortgage insurance and excluding Mortgages) granted to the Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgage Loan Agreement or under the Relevant Public Entity Securities Documents.

**"Collection Account"** means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT 71 P 03479 01600 000802318400, or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

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

**"Collection Period"** means each period from (but excluding) a Collection Date to (and including) the following Collection Date or, in respect of the first Collection Period, the period from (and including) the Valuation Date of the transfer of the Initial Portfolio to (and including) the Collection Date of December 2019.

**"Collections"** means all amounts received or recovered by the Servicer in respect of the Receivables and/or the Public Entity Securities comprised in the Cover Pool.

**"Commission Delegated Regulation No. 979/2019"** means the Commission Delegated Regulation (UE) No. 979/2019 of 14 March 2019, implementing the Prospectus Regulation, as supplemented and amended from time to time.

**"Commission Delegated Regulation No. 980/2019"** means the Commission Delegated Regulation (UE) No. 980/2019 of 14 March 2019, implementing the Prospectus Regulation, as supplemented and amended from time to time.

**"Common Criteria"** means the criteria listed in schedule 2 (*Criteri Generali*) to the Master Transfer Agreement.

**"Conditions"** means the terms and conditions of the Covered Bonds and **"Condition"** means a clause of them.

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

**"Controller"** means the entity or person appointed as controller of the processing of the personal data.

**"Corporate Maintenance Cost"** means on each Guarantor Calculation Date, an amount equal to the aggregate of all costs and expenses incurred by the Guarantor in the day to day running of the Guarantor's business and for the preservation of the corporate existence of the Guarantor which are due and payable on the immediately following Guarantor Payment Date, including, without limitation, the

fees, costs, expenses and all other amounts then due and payable to managers, statutory auditors and external auditors.

**"Corporate Servicer"** means Banca Finanziaria Internazionale S.p.A. (formerly, Securitisation Services S.p.A.), acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

**"Corporate Services Agreement"** means the corporate services agreement entered into on 10 October 2019, between the Guarantor and the Corporate Servicer, pursuant to which the Corporate Servicer will provide certain administration services to the Guarantor, as amended and restated from time to time.

**"Cover Pool"** means the cover pool constituted by, collectively, any Eligible Assets, Integration Assets and Liquid Assets held by the Guarantor in accordance with the provisions of the Law 130, as amended from time to time, the BoI Regulations, and the Article 129 of the CRR.

**"Cover Pool Administration Agreement"** means the cover pool administration agreement entered into on 10 October 2019 between, *inter alios*, the Issuer, the Guarantor, the Seller, the Guarantor Calculation Agent, the Test Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders, as amended and restated from time to time.

**"Cover Pool for Statutory Tests"** means, for the purpose of the calculation of the Statutory Tests, the aggregate amount of Eligible Assets, Integration Assets and Liquid Assets, without any double counting (including any sum standing to the credit of the Accounts) included in the Cover Pool provided that (i) any Deteriorated Financial Activity, any Defaulted Receivable and those Eligible Assets, Integration Assets and Liquid Assets in relation to which a breach of any of the representations and warranties contained in the Master Transfer Agreement has occurred and has not been remedied will be excluded, (ii) any Mortgage Loan in respect of which the LTV on the basis of the Latest Valuation exceed the percentage limit set forth under Article 129, paragraph 1, of the CRR, will be calculated up to an amount of principal which - taking into account the market value of the relevant Real Estate Asset - allows the compliance with such percentage limit, (iii) the aggregate of Integration Assets and/or Liquid Assets in excess of the Exposure Limit will not be considered for the purpose of calculation; and (iv) unsecured receivables, in case a default pursuant to article 178 of the CRR occurs, as provided by article 7-undecies, paragraph 2, letter a) of Law 130 will not be considered for the purpose of calculation.

**"Covered Bonds"** means any and all the covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

**"Covered Bond Guarantee"** means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer to the Covered Bondholders and the Other Issuer's Creditors, in accordance with the provisions of the Law 130, as amended from time to time and the BoI Regulations.

**"Covered Bond Instalment Date"** means a date on which a principal instalment is due on a Series of Covered Bonds as specified in the relevant Final Terms.

**"Covered Bond Regulations"** means Law 130, the MEF Decree (until the Implementation Date), the BoI Regulations and Article 129 of CRR and any other applicable provision of CRR, as amended from time to time.

**"Covered Bond Swap Counterparty"** means any institution which agrees to act as covered bond swap counterparty to the Guarantor under any Swap Agreement or other hedging agreements, if any,

aimed at hedging certain interest rate risks and/or, if applicable, currency exposures in relation to the Guarantor's obligations under the Covered Bonds, that may be entered into between the Guarantor and the relevant Covered Bond Swap Counterparty.

"**Covered Bondholders**" means the holders from time to time of Covered Bonds, title to which is evidenced in the manner described in Condition 3 (*Form, Denomination and Title*).

"**Credit and Collection Policy**" means the procedures for the management, collection and recovery of the Receivables attached as Schedule 1 (*Procedura di Riscossione*) to the Servicing Agreement.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time.

"**Criteria**" means, collectively, the Common Criteria and the Specific Criteria.

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

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

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

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

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

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

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

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

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

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

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

where:

- "Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;
- "D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and
- "D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;
- (vi) if **"30E/360"** or **"Eurobond Basis"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- "Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and
- "D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and
- (vii) if **"30E/360 (ISDA)"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- "Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

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

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

**"Dealer(s)"** means Unicredit Bank AG and Erste Group Bank AG and any other entity which may be nominated as such by the Issuer upon execution of a letter in the terms or substantially in the terms set out in schedule 6 (*Form of Dealer Accession Letter*) to the Programme Agreement.

**"Debtor"** means (i) in relation to the Receivables, any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation pursuant to a Mortgage Loan Agreement under an *accollo*, or otherwise; and (ii) in relation to the Public Entity Securities, any entity, also different from the issuer of the Public Entity Security, who is liable for the payment of amounts due, as principal and interest, in respect of the Public Entity Security.

**"Decree 190"** means the Italian Legislative Decree No. 190 of 5 November 2021, transposing Directive (EU) No. 2162/2019 into Italian law.

**"Decree No. 239"** means Italian Legislative Decree number 239 of 1 April 1996.

**"Decree 461"** means the Legislative Decree number 461 of 21 November 1997, as amended from time to time.

**"Deed of Charge"** means the English law deed of charge entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to charge the rights arising under the Swap Agreements, as amended and restated from time to time.

**"Deed of Pledge"** means the Italian law deed of pledge entered into on 10 October 2019, between, *inter alios*, the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and of the Other Creditors), as amended and restated and/or extended from time to time.

**"Defaulted Receivable"** means a Receivable arising from a Mortgage Loan Agreement included in the Cover Pool which has been for at least 180 consecutive days In Arrears, or which has been classified as a *credito in sofferenza* pursuant to the Servicing Agreement.

**"Defaulting Party"** has the meaning ascribed to that term in the relevant Swap Agreement.

**"Delinquent Receivable"** means any Receivable arising from Mortgage Loan Agreements included in the Cover Pool in respect of which there are 1 (one) or more Instalments due and not paid by the relevant Debtor for more than 30 days and which has not been classified as Defaulted Receivable.

**"Deteriorated Financial Activity"** or **"DFA"** means a Receivable classified as *"attività finanziaria deteriorata"* pursuant to Bank of Italy's Circular n. 272 of 30 July 2008 stating the *"Matrice dei Conti"*, as subsequently amended and supplemented.

**"Determination Date"** has the meaning given to it in the applicable Final Terms.

**"Discount Factor"** means the discount rate, implied in the relevant Swap Curve, calculated by the Test Calculation Agent on each Test Calculation Date and/or Monthly Test Calculation Date and/or on each other day on which the relevant Tests are to be carried out pursuant to this Agreement and the other Programme Documents, as the case may be.

**"Documentation"** means any documentation relating to the Receivables comprised in the Cover Pool.

**"Drawdown Date"** means each date on which each Term Loan under the Subordinated Loan Agreement is made during the Availability Period, which is the date on which the purchase price of the Initial Portfolio or any New Portfolio is due by the Guarantor to BPAA pursuant to the Master Transfer Agreement.

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

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

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

**"Eligible Assets"** means the Mortgage Loans.

**"Eligible Deposits"** means the deposits held with banks having their registered office in Eligible States and qualify as Eligible Institution.

**"Eligible Institution"** means any bank organised under the laws of any country which is a member of the European Union or of the United States (to the extent that United States are a country for which a 0% risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks – standardised approach), **(i)** whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "F1" by Fitch or **(ii)** whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "A" by Fitch or in case of Account Bank the Deposit Rating (if any) is least "A" by Fitch or any other lower rating that do not affect the current rating of the outstanding Covered Bonds, provided however that any such bank qualifies for the "credit quality step 1" or the "credit quality step 2" pursuant to article 129, let. (c) of the CRR unless (a) it is an entity in the European Union and (b) the exposure vis-à-vis such bank have a maturity not exceeding 100 (one-hundred) days, in which case it may qualify for the "credit quality step 3" pursuant to Article 129, let. (c) of the CRR.

**"Eligible Investment"** means any senior (unsubordinated) debt securities or other debt instruments (including without limitation, commercial paper, certificate of deposits and bonds) which:

- a) are denominated in Euro;
- b) have a maturity not exceeding the next following Liquidation Date or which are repayable on demand at par together with accrued and unpaid interest, without penalty;
- c) (except in case of deposits) are in the form of bonds, notes, commercial papers or other financial instruments (i) rated at least A and/or F1 by Fitch, or in the absence of a Fitch rating, rated at least at the level equivalent to Fitch's 'AA-' or 'F1+' by at least one other internationally recognised and regulatory approved rating agency, if the relevant maturity is up to the earlier of the next Liquidation Date and 30 calendar days, or (ii) rated AA- and/or F1+ by Fitch, if the relevant maturity is up to mature the earlier of the next Liquidation Date and 365 calendar days; or in the case of a deposits, to the extent that such deposit are held by (i) an Eligible Institution at its branch located in the Republic of Italy or in the United Kingdom if the relevant maturity is up to the earlier of the next Liquidation Date and 30 calendar days or (ii) any depository institution located in the Republic of Italy or in the United Kingdom rated AA- and/or F1+ by Fitch, if the relevant maturity is up to mature the earlier of the next Liquidation Date and 365 calendar days, *provided that* (i) such Eligible Investment shall not prejudice the rating assigned to each Series of Covered Bond and shall provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount), (ii) in any event such debt securities or other debt instruments do not consist, in whole or in part, actually or potentially of credit-linked notes or similar claims nor may any amount available to the Guarantor in the context of the Programme otherwise be invested in asset-backed securities, irrespective of their subordination, status, or ranking at any time, and (iii) the relevant exposure qualifies for the "credit quality step 1" or "credit quality step 2" pursuant to article 129, let. (c) of the CRR or, in case of exposure *vis-à-vis* an entity in the European Union which has a maturity not exceeding 100 (one-hundred) days, it may qualify for "credit quality step 3" pursuant to Article 129, let. (c) of the CRR.

**"Eligible States"** means any States belonging to the European Economic Space, Switzerland and any other State attracting a zero per cent. risk weight factor under the "Standardised Approach" provided for by Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions.

**"EURIBOR"** means the Euro-Zone Inter-Bank offered rate for Euro deposits, as determined from time to time pursuant to the Programme Documents.

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

**"Euroclear"** means Euroclear Bank S.A./N.V..

**"Euro Equivalent"** has the meaning ascribed to such term in clause 1.2 (*Other Definitions*) of the Cover Pool Administration Agreement.

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

**"EU Directive on Covered Bonds"** means Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU.



**“Excess Proceeds”** means the amounts received by the Guarantor as a result of any enforcement taken *vis-à-vis* the Issuer in accordance with Article 7-quaterdecies of Law 130.

**"Excess Receivables"** means, in relation to the Cover Pool and on each Test Calculation Date, those Receivables the aggregate Outstanding Principal of which is equal to: (i) any amount by reason of which the Portfolios comprised in the Cover Pool are in excess (as nominal value, interest coverage and net present value) of any Eligible Assets necessary to satisfy all Tests on the relevant Test Calculation Date; minus (ii) the aggregate Outstanding Principal of those Receivables indicated by the Servicer as Affected Receivables pursuant to the provisions of clause 8.1 (*Payment of Indemnity*) of the Warranty and Indemnity Agreement.

**“Execution Date”** means the execution date of the Master Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement and the Subordinated Loan Agreement.

**“Excluded Swap Termination Amount”** means any termination payment due and payable by the Guarantor to a Covered Bond Swap Counterparty, where the Covered Bond Swap Counterparty is the Defaulting Party or the sole Affected Party pursuant to the relevant Swap Agreement.

**“Expected Maintenance and Administration Costs”** has the meaning ascribed to such term under clause 1.2 (*Other definitions*) of the Cover Pool Administration Agreement.

**“Expense Required Amount”** means Euro 40,000.00.

**"Expenses"** means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer's Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

**"Expenses Account"** means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT 48 Q 03479 01600 000802318401, or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

**"Expiry Date"** means the date falling 1 (one) year and 1 (one) day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

**"Exposure Limit"** means the limits provided under Article 129, paragraph 1a (1-*bis*), let. (a), (b), (c) e (d) of CRR, provided that pursuant to Article 129, paragraph 3a (3-*bis*) of CRR, such limits shall not apply to “*cessioni di ripristino*” pursuant to the Master Loans Purchase Agreement for purposes of complying with the Nominal Value Test.

**"Extended Instalment Date"** means the date on which a principal instalment in relation to a Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Covered Bond Instalment Date as specified in the relevant Final Terms.

**"Extended Maturity Date"** means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

**"Extension Determination Date"** means the date falling 7 Business Days after the expiry of the Maturity Date of the relevant Tranche or Series of Covered Bonds.

**"Extraordinary Resolution"** has the meaning ascribed to such term in the Rules of Organisation of the Covered Bondholders attached to the Conditions.

**"Final Maturity Date"** means the date on which all the Series of Covered Bond are redeemed in full or cancelled.

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

**"Final Terms"** means, in relation to any issue of any Series or Tranche of Covered Bonds, the relevant terms contained in the applicable Programme Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series or Tranche of Covered Bonds.

**"Financial Law"** means Legislative Decree number 58 of 24 February 1998 as amended from time to time.

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

**"First Guarantor Payment Date"** means the Guarantor Payment Date falling in January 2020.

**"First Interest Period"** means, in relation to any Term Loan, the period starting on the relevant Drawdown Date and ending on the First Guarantor Payment Date.

**"Fitch"** means Fitch Ratings Ireland Limited Sede Secondaria Italiana.

**"FSMA"** means the Financial Service and Markets Act 2000.

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

**"GDPR"** means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

**"Guaranteed Amounts"** means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 9(a) (*Grossup by the Issuer*)) and (ii) the Other Issuer Creditors pursuant to the relevant Programme Documents.

**"Guaranteed Obligations"** means the Issuer's payments obligations with respect to the Guaranteed Amounts.

**"Guarantor"** or the **"Company"** means VOBA CB S.r.l., acting in its capacity as guarantor pursuant to the Covered Bond Guarantee.

**"Guarantor Calculation Agent"** means Banca Finanziaria Internazionale S.p.A. acting as guarantor calculation agent, or any such other entity as may be appointed pursuant to the Cash Management and Agency Agreement;

**"Guarantor Calculation Date"** means both prior to and after the delivery of an Acceleration Notice, the date falling on the fourth Business Day immediately preceding each Guarantor Payment Date.

**"Guarantor Event of Default"** has the meaning given to it in Condition 10(d) (*Guarantor Events of Default*).

**"Guarantor Paying Agent"** means BNP Paribas, Italian Branch, acting in its capacity as guarantor paying agent, or any such other institution as may be appointed pursuant to the Cash Management and Agency Agreement.

**"Guarantor Payment Date"** means (a) prior to the delivery of an Acceleration Notice, the 27<sup>th</sup> day of each month of January, April, July and October, or if that day is not a Business Day, the immediately following Business Day; the first Guarantor Payment Date will fall in January 2020; and (b) following the delivery of an Acceleration Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Guarantor Event of Default Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

**"Guarantor Payment Period"** means any period commencing on (and including) a Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date.

**"Guarantor Payments Account"** means the Euro denominated account established in the name of the Guarantor and held with the Account Bank, IBAN IT 02 S 03479 01600 000802318403 or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

**"Guarantor's Rights"** means the Guarantor's rights under the Programme Documents.

**"IFRS"** means the International Financial Reporting and Accounting Standards issued by the International Accounting Standard Board (IASB).

**"Implementation Date"** (*Data di Attuazione*) means 31 March 2023, it being the date into which the Implementing Provisions issued by the Bank of Italy entered into force.

**"Implementing Provisions"** (*Disposizioni Attuative*) means the implementing provisions amending the BoI Regulations issued by the Bank of Italy pursuant to Law 130.

**"In Arrears"** means, in respect of any Mortgage Loans, any amount which has become due and payable by the relevant obligor or guarantor but has remained unpaid for more than five consecutive Business Days.

**"Individual Purchase Price"** means, with respect to each Receivable or, as applicable, Public Entity Security or Liquid Assets transferred pursuant to the Master Transfer Agreement: (i) the *Ultimo Valore di Iscrizione in Bilancio* (as defined under the Master Definition Agreement) of the relevant Receivable or Public Entity Security or Liquid Asset minus all principal and interest collections (with respect only to the amounts of interest which constitute the *Ultimo Valore di Iscrizione in Bilancio*) received by the Seller with respect to the relevant Receivables or Public Entity Security or Liquid Assets from the date of the most recent financial statements of the Seller up to the relevant Transfer Date (included) and increased of the amount of interest accrued and not yet collected on such Receivables or Public Entity Security or Liquid Assets during the same period; or, at the option of the Seller (ii) such other value, as indicated by the Seller in the Transfer Notice, as will allow the Seller to consider each duty or tax due as if the relevant Receivables or Public Entity Security or Liquid Assets had not been transferred for the purpose of article 7-bis, sub-paragraph 7, of Law 130 with respect to Public Entity Credits or Securities or Liquid Assets transferred prior to the Implementation Date or, with respect to Public Entity Credits or Securities or Liquid Assets transferred on or after the Implementation Date, Article 7-*viciester* of Law 130.

**"Initial Issue Date"** means the date on which the Issuer issued the first Series of Covered Bonds.

**"Initial Portfolio"** means the portfolio of Initial Receivables purchased by the Guarantor from the Seller pursuant to the Master Transfer Agreement.

**"Initial Receivables"** means the initial Receivables comprising certain Eligible Assets included in the Initial Portfolio.

**"Insolvency Event"** means in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, insolvency-like proceedings, composition with creditors, insolvent reorganization, turnaround/insolvency tools (*strumenti di regolazione della crisi e dell'insolvenza*) or negotiated settlement procedure (including, without limitation, "*liquidazione giudiziale*", "*liquidazione coatta amministrativa*", "*piani di risanamento*", "*accordi di ristrutturazione del debito*", "*piano di ristrutturazione soggetto ad omologazione*", "*composizione negoziata della crisi*", and "*concordato semplificato*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Programme Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Banking Law); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or
- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

**"Insolvency Official"** means the official receiver appointed in the context of any insolvency procedure which may be opened following the occurrence of an Insolvency Event.

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

**"Instalment Amount"** means the principal amount of a Series of Covered Bonds to be redeemed on a Covered Bond Instalment Date as specified in the relevant Final Terms.

**"Instalment Extension Determination Date"** means, with respect to any Covered Bond Instalment Date, the date falling 2 Business Days after the expiry of seven days from (and including) such Covered Bond Instalment Date.

**"Insurance Companies"** means the companies with whom the Insurance Policies are held.

**"Insurance Policies"** means the insurance policies taken out with the Insurance Companies in relation to each Real Estate Asset and each Mortgage Loan.

**"Integration Assets"** means:

- (i) Eligible Deposits;
- (ii) securities issued by banks residing in Eligible States (as defined below) with residual maturity not longer than one year, in each case, meeting the requirements set out in the definition of Eligible Investments; and
- (iii) the Public Entity Securities,

provided that the assets referred to in items (i), (ii) and (iii) above are qualified as eligible assets pursuant to Article 7-*novies* of Law 130.

**"Intercreditor Agreement"** means the intercreditor agreement entered into on or about the Initial Issue Date between the Guarantor and the Other Creditors, as amended and restated from time to time.

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

**"Interest Available Funds"** means, on each Guarantor Payment Date, the aggregate of:

- a) any interest collected by the Servicer in respect of the Cover Pool and credited into the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- b) all interest deriving from the Eligible Investments made with reference to the immediately preceding Collection Period;
- c) all recoveries in the nature of interest and penalties received by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- d) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Guarantor Payment Date;
- e) any amounts other than in respect of principal received under the Swap Agreements (other than any Swap Collateral);
- f) any swap termination payments received from a Covered Bond Swap Counterparty under a Swap Agreement, provided that, prior to the occurrence of a Guarantor Event of Default, such amounts will first be used to pay a Replacement Covered Bond Swap Counterparty to enter into a Replacement Swap Agreement, unless a Replacement Swap Agreement has already been entered into by or on behalf of the Guarantor;
- g) prior to the service of a Notice to Pay on the Guarantor amounts standing to the credit of the Reserve Account in excess of the Required Reserve Amount and following the service of a Notice to Pay on the Guarantor, any amounts standing to the credit of the Reserve Account;

- h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period;
- i) the interest amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period.

**“Interest Commencement Date”** means in relation to any Series or Tranche of Covered Bonds, the Issue Date of such Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

**"Interest Coverage Test"** has the meaning ascribed to such term in clause 2.2.3 (*Interest Coverage Test*) of the Cover Pool Administration Agreement.

**“Interest Determination Date”** has the meaning given in the relevant Final Terms.

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

**"Investor Report Date"** means 2 Business Days after each Guarantor Payment Date.

**"Investor Reports"** means the report to be prepared and delivered by the Guarantor Calculation Agent on or prior to the Investors Report Date, to the Issuer, the Guarantor, the Seller, the Representative of the Covered Bondholders, the Rating Agency, the Servicer, the Guarantor Paying Agent and the Issuer Paying Agent, setting out certain information with respect to the Covered Bond and the Cover Pool.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc..

**"Issue Date"** has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

**"Issuer"** means Banca Popolare dell’Alto Adige S.p.A., acting in its capacity as issuer pursuant to the Programme Agreement.

**"Issuer Downgrading Event"** means the Issuer being downgraded below “BBB” or “F2” by the Rating Agency.

**"Issuer Event of Default"** has the meaning given to it in Condition 10(a) (*Issuer Events of Default*).

**“Issuer’s Investor Report”** means the investor report provided by the Test Calculation Agent in accordance with the Cash Management and Agency Agreement.

**“Issuer’s Investor Report Date”** means the date which falls six Business Days prior to the Guarantor Payment Date falling in January and July of each year, it being understood that the first Issuer’s Investors Report Date will be on 20 January 2020.

**"Issuer Paying Agent"** means BPAA, acting in its capacity as issuer paying agent, or any such other institution as may be appointed pursuant to the Cash Management and Agency Agreement.

**“Italian Insolvency Code”** means the Italian Legislative Decree no. 14 of 12 January 2019 (*Codice della crisi d’impresa e dell’insolvenza*), as amended, supplemented or replaced from time to time.

**“Joint Arrangers”** means Unicredit Bank AG and Banca Finanziaria Internazionale S.p.A..

**"Latest Valuation"** means, at any time with respect to any Real Estate Asset the most recent valuation of the relevant property performed in accordance with the Prudential Regulation, including Section III, paragraph 1.1 of the BoI Regulations.

"**Law 130**" means Italian Law No. 130 of 30 April 1999 as amended and supplemented from time to time.

"**Liabilities**" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any VAT or similar tax charged or chargeable in respect of any sum referred in this definition.

"**Liquid Assets**" means the assets referred to Article 7-*duodecies*, paragraph 2, letters (a) and (b) of Law 130, provided that such assets meet the requirements to qualify as eligible assets under Article 129 of the CRR and Law 130 "**Liquidation Date**" means the fifth Business Days before each Guarantor Payment Date.

"**Liquidity Buffer Account**" means the account that may be opened in the name of the Guarantor with the Account Bank in accordance with the Cash Management and Agency Agreement.

"**Liquidity Buffer Securities Account**" means the securities account that may be opened in the name of the Guarantor with the Account Bank in accordance with Cash Management and Agency Agreement.

"**Liquidity Buffer Target Amount**" means the liquidity buffer requirement pursuant to Article 7-*duodecies* of Law 130, as set out in the Cover Pool Administration Agreement.

"**Loan Event of Default**" means any of the events specified as such in clause 8 (*Eventi Rilevanti - Decadenza dal Beneficio del Termine*) of the Subordinated Loan Agreement.

"**LTV**" means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of the relevant Mortgage Loan and the value of a Real Estate Asset in accordance with the BoI Regulations and any other applicable prudential regulation.

"**Luxembourg Listing Agent**" means BNP Paribas, Luxembourg Branch.

"**Mandate Agreement**" means the mandate agreement entered into on or about 10 October 2019 between the Representative of the Covered Bondholders and the Guarantor, as amended and restated from time to time.

"**Margin**" has the meaning given in the relevant Final Terms.

"**Master Definitions Agreement**" means this Agreement.

"**Master Transfer Agreement**" means the master transfer agreement entered into on 1 October 2019 between the Guarantor and the Seller, as amended and restated from time to time.

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

"**Maximum Guaranteed Amount**" means the amount to be notified by the Guarantor prior to the Initial Issue Date, or any increase thereof from time to time pursuant to Clause 3 of the Covered Bond Guarantee.

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms.

"**Member State**" means a member State of the European Union.

"**Maximum Rate of Interest**" has the meaning given in the relevant Final Terms.

**"MEF Decree"** means the ministerial MEF Decree of 14 December 2006 issued by the Ministry of the Economy and Finance, repealed by the Decree 190.

**"Minimum OC Requirement"** means 5% minimum level of overcollateralization as per Article 129 of the CRR.

**"Minimum Rate of Interest"** has the meaning given in the relevant Final Terms.

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms.

**"Monte Titoli"** means Monte Titoli S.p.A., (commercial name "Euronext Securities Milan") a *società per azioni* having its registered office at Piazza Affari, 6, 20123 Milan, Italy.

**"Monte Titoli Account Holders"** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quater* of the Financial Law.

**"Monthly Collection Period"** means each monthly period beginning on the first day of each month (included) and ending on the last day of each month (included), except that the first Monthly Collection Period shall commence on the Valuation Date (included) related to the Initial Portfolio and end to 31 October 2019 (included).

**"Monthly Servicer's Report"** means the monthly report prepared by the Servicer on each Monthly Servicer's Report Date and containing details on the Collections of the Receivables during the relevant Collection Period, prepared in accordance with the Servicing Agreement and delivered by the Servicer, *inter alios*, to the Guarantor and the Asset Monitor.

**"Monthly Servicer's Report Date"** means (a) prior to the delivery of an Acceleration Notice, the date falling on the 12<sup>th</sup> calendar day of each month of each year, or if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of an Acceleration Notice, such date as may be indicated by the Representative of the Covered Bondholders.

**"Monthly Test Calculation Date"** means, following the delivery of a Test Performance Report assessing that a breach of Test and/or the Liquidity Buffer Target Amount and/or Minimum OC Requirement has occurred, the 20<sup>th</sup> day of the month immediately following the date of such Test Performance Report and, thereafter, the 20<sup>th</sup> day of each month until the end of the relevant Test Grace Period in accordance with the Cover Pool Administration Agreement, or, if any such day is not a Business Day, the immediately following Business Day.

**"Mortgage Loan"** means (i) any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed, pursuant to article 2, sub-paragraph 1, of MEF Decree; and (ii) from the Implementation Date, any residential mortgage loan that meet the requirements of Article 129, paragraph 1, let. (d) of the CRR and Article 7-novies of Law 130.

**"Mortgage Loan Agreement"** means any mortgage loan agreement out of which the Receivables arise and secured by Mortgage over Real Estate Assets.

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

**"Mortgagor"** means any person, either a borrower or a third party, who has granted a Mortgage in favour of the Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.



**"Negative Carry Factor"** means "0.5%" or such higher percentage procured by the Issuer on behalf of the Guarantor and notified to the Representative of the Covered Bondholders and to the Test Calculation Agent.

**"Net Interest Collections from the Cover Pool for Statutory Test"** has the meaning ascribed to such term under Clause 2.5(*Interest Coverage Test*) of the Cover Pool Administration Agreement.

**"Net Liquidity Outflow"** has the meaning ascribed to such term in clause 1.2 (*Other definitions*) of the Cover Pool Administration Agreement.

**"Net Present Value Test"** has the meaning ascribed to such term in clause 2.2.2 (*Net Present Value Test*) of the Cover Pool Administration Agreement.

**"Net Present Value of the Cover Pool for Statutory Tests"** has the meaning ascribed to such term in clause 2.4 (*Net Present Value Test*) of the Cover Pool Administration Agreement.

**"New Portfolio"** means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, Integration Assets and Liquid Assets, as applicable, which may be purchased by the Guarantor from the Seller pursuant to the terms and subject to the conditions of the Master Transfer Agreement.

**"Negative Test Performance Report"** means a Test Performance Report delivered by the Test Calculation Agent in which a breach of any Statutory Tests or Amortisation Test is reported.

**"Nominal Value"** has the meaning ascribed to such term in clause 2.3.1 (*Nominal Value*) of the Cover Pool Administration Agreement.

**"Nominal Value Test"** has the meaning ascribed to such term in clause 2.2.1 (*Nominal Value Test*) of the Cover Pool Administration Agreement.

**"Notice to Pay "** has the meaning ascribed to such term in Condition 10(a) (*Issuer Event of Default*).

**"Obligations"** means all the obligations of the Guarantor created by or arising under the Programme Documents.

**"OFAC Regulations"** means the rules and regulations enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury (OFAC).

**"Offer Date"** means, with respect to each New Portfolio, the date falling 2 (two) Business Days prior to each Transfer Date, pursuant to clause 3.1 (*Offerta*) of the Master Transfer Agreement.

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

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

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

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms.

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms.

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

**"Other Creditors"** means the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Representative of the Covered Bondholders, the Guarantor Calculation Agent, the Test Calculation Agent, the Corporate Servicer, the Issuer Paying Agent, the Guarantor Paying Agent, the Account Bank, the Asset Monitor, the Covered Bond Swap Counterparty, the Portfolio Manager (if any), the Cash Manager and any other creditors which may, from time to time, be identified as such in the context of the Programme.

**"Other Issuer Creditors"** means any entity - other than the Issuer - acting as Issuer Paying Agent, any Covered Bond Swap Counterparty, the Asset Monitor and any other Issuer's creditor which may from time to time be identified as such in the context of the Programme.

**"Outstanding Principal"** means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

**"Outstanding Principal Amount"** means, on any date in respect of any Series of Covered Bonds or, where applicable, in respect of all Series of Covered Bonds:

- (i) the principal amount of such Series or, where applicable, all such Series upon issue; *minus*
- (ii) the aggregate amount of all principal which has been repaid prior to such date in respect of such Series or, where applicable, all such Series and, solely for the purposes of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, the principal amount of any Covered Bonds in such Series of (where applicable) all such Series held by, or by any Person for the benefit of, the Issuer or the Guarantor.

**"Outstanding Principal Balance"** means on any date, (i) in relation to a loan or any other asset included in the Cover Pool, the aggregate nominal principal amount outstanding of such loan or asset at such date, and (ii) in relation to the Covered Bonds, the aggregate nominal principal amount outstanding of such Covered Bonds at such date as the case may be.

**"Partial Portfolio"** has the meaning ascribed to such term under Clause 8.5 (*Sale of Partial Portfolio*) of the Cover Pool Administration Agreement.

**"Paying Agents"** means the Issuer Paying Agent and the Guarantor Paying Agent.

**"Payment Holiday"** means in respect of a Mortgage Loan, the period of deferral of the payment of its interest and/or principal instalments in accordance with (i) the application of moratoria provisions from time to time granted to Debtors by any laws, agreements between Italian banking associations and national consumer associations, the Bank of Italy or other regulatory bodies regulations, or (ii) the agreement reached by the Servicer and the Debtors.

**"Payments Report"** means the report to be prepared and delivered by the Guarantor Calculation Agent pursuant to the Cash Management and Agency Agreement on each Guarantor Calculation Date.

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

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

**"Portfolio"** means, collectively, the Initial Portfolio and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the Master Transfer Agreement.

**"Portfolio Manager"** means the entity appointed as such in accordance with clause 5.6 (*Portfolio Manager*) of the Cover Pool Administration Agreement.

**"Post-Issuer Event of Default Priority of Payments"** means the order of priority pursuant to which the Available Funds shall be applied, on each Guarantor Payment Date following the delivery of a Notice to Pay, but prior to the delivery of an Acceleration Notice, in accordance with the terms of the Intercreditor Agreement.

**"Post-Guarantor Event of Default Priority of Payments"** means the order of priority pursuant to which the Available Funds shall be applied on each Guarantor Payment Date, following the delivery of an Acceleration Notice, in accordance with the Intercreditor Agreement.

**"Post Default Notice Report"** means the report setting out all the payments to be made on the following Guarantor Payment Date under the Post-Guarantor Event of Default Priority of Payments which, following the occurrence of a Guarantor Event of Default and the delivery of an Acceleration Notice, shall be prepared and delivered by the Guarantor Calculation Agent in accordance with the Cash Management and Agency Agreement.

**"Potential Set-Off Amount"** means (a) if no Issuer Downgrading Event has occurred or is outstanding an amount equal to 0 (zero) or (b) if an Issuer Downgrading Event has occurred and is outstanding, an amount of the Cover Pool that could potentially be set-off by the relevant Debtors against any credit owed by any such Debtor towards the Seller. Such amount will be calculated by the Test Calculation Agent (based on the aggregate information provided by the Servicer) on a quarterly basis on each Test Calculation Date and/or on each other date on which the Asset Coverage Test is to be carried out pursuant to the provisions of the Cover Pool Administration Agreement.

**"Pre-Issuer Event of Default Interest Priority of Payments"** means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Notice to Pay in accordance with the Intercreditor Agreement.

**"Pre-Issuer Event of Default Principal Priority of Payments"** means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of a Notice to Pay in accordance with the Intercreditor Agreement.

**"Premium Interest"** means the premium payable by the Guarantor to the Seller in accordance with the Subordinated Loan Agreement, as determined thereunder.

**"Principal Available Funds"** means in respect of any Guarantor Payment Date, the aggregate of, without duplication:

- (a) all principal amounts collected by the Servicer in respect of the Cover Pool and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (b) all other recoveries in the nature of principal collected by the Servicer and credited to the Collection Account during the Collection Period preceding the relevant Guarantor Payment Date;
- (c) all proceeds deriving from the sale, if any, of the Eligible Assets, Integration Assets or Liquid Assets during the Collection Period preceding the relevant Guarantor Payment Date;
- (d) without duplication with other items of this definition, all principal proceeds deriving from the liquidation of Eligible Investments during the Collection Period preceding the relevant Guarantor Payment Date;

- (e) any other principal amounts standing to the credit of the Accounts as of the immediately preceding Collection Date;
- (f) all amounts in respect of principal (if any) received under any Swap Agreement (other than the Swap Collateral);
- (g) any amounts to be transferred pursuant to item (vi) of the Pre-Issuer Event of Default Interest Priority of Payments;
- (h) any amounts (other than the amounts already allocated under other items of the Interest Available Funds or the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Collection Period;
- (i) principal amount recovered by the Guarantor from the Issuer after the enforcement of the Covered Bond Guarantee during the immediately preceding Collection Period;
- (j) any amount paid under the Subordinated Loan and not repaid, standing to the credit of the Collection Accounts;
- (k) following a Notice to Pay, and before an Acceleration Notice, all principal amounts standing to the credit of the Liquidity Buffer Account as at the relevant Guarantor Calculation Date.

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Guarantor Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Guarantor Calculation Agent.

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

**"Priority of Payments"** means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Post-Issuer Event of Default Priority of Payments and the Post-Guarantor Event of Default Priority of Payments.

**“Privacy Code”** means the Legislative Decree no. 196 of 30 June 2003 (*Codice in materia di protezione dei dati personali*) as amended and integrated from time to time.

**"Privacy Law"** means the Privacy Code, the GDPR and any other related regulation and/or provision in force from time to time.

**“Processor”** means the entity or person responsible for processing personal data.

**"Programme"** means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-bis of the Law 130 as applicable until the Implementation Date or, from the Implementation Date, the article 7-quinquies and subsequent of Law 130.

**"Programme Agreement"** means the programme agreement entered into on 10 October 2019 between, *inter alios*, the Guarantor, the Seller, the Issuer, the Representative of the Covered Bondholders and the Dealers, as amended and restated from time to time.

**"Programme Amount"** means €3,000,000,000.

**"Programme Documents"** means the Master Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Management and Agency Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Administration Agreement, the Intercreditor Agreement, the Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements (if any), the Mandate Agreement, the Quotaholders' Agreement, the Conditions, each Final Terms, the Deed of Pledge, the Master Definitions Agreement, the Stichting Corporate Services Agreement and any other agreement entered into from time to time in connection with the Programme.

**"Programme Resolution"** has the meaning given in the Rules of the Organisation of Covered Bondholders attached to these Conditions.

**"Prospectus Regulation"** means EU Regulation 2017/1129, as amended from time to time.

**"Prudential Regulations"** means the prudential regulations for banks issued by the Bank of Italy on 17 December 2013 with Circular No. 285 "*Disposizioni di vigilanza per le banche*", as amended and supplemented from time to time, including the BoI Regulations.

**"Public Entities"** means any of the authorities or entities set out in article 129, paragraph 1, letters (a) and (b) of the CRR.

**"Public Entity Securities "** means any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities pursuant to Article 129, paragraph 1, let. (a) and (b) of the CRR and art. 7-*novies* of Law 130.

**"Purchase Price"** means, in relation to the Initial Portfolio and each New Portfolio transferred by the Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the Master Transfer Agreement.

**"Put Option Notice"** means a notice of exercise relating to the put option contained in Condition 7 (f) (*Redemption at the option of the Covered Bondholders*), substantially in the form set out in schedule 5 to the Cash Management and Agency Agreement, or such other form which may, from time to time, be agreed between the Issuer and the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be.

**"Put Option Receipt"** means a receipt issued by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, to a depositing Covered Bondholder upon deposit of Covered Bonds with the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

**"Quarterly Servicer's Report"** means the quarterly report delivered by the Servicer on each Quarterly Servicer's Report Date and containing details on the Collections of the Receivables during the relevant Collection Periods prepared in accordance with the Servicing Agreement and delivered by the Servicer to, *inter alios*, the Guarantor, the Corporate Servicer, the Guarantor Calculation Agent, the Representative of the Covered Bondholders and the Rating Agency.

**"Quarterly Servicer's Report Date"** means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 12<sup>th</sup> calendar day of January, April, July and October of each year or if such day is not a Business Day, the immediately following Business Day and (b) following the delivery of an Acceleration Notice, such date as may be indicated by the Representative of the Covered Bondholders. The first Quarterly Servicer's Report Date fell in January 2020.

**"Quotaholders"** means each of Stichting Urano and Banca Popolare dell'Alto Adige S.p.A..

**"Quotaholders' Agreement"** means the agreement entered into on 10 October 2019 between Banca Popolare dell'Alto Adige S.p.A., Stichting Urano, the Guarantor and the Representative of the Covered Bondholders, as amended and restated from time to time.

**"Quotaholders' Meeting"** means a meeting of the Quotaholders.

**"Quota Capital"** means the quota capital of the Guarantor, equal to Euro 10,000.00.

**"Quota Capital Account"** means the Euro denominated account established in the name of the Guarantor with Banca Monte dei Paschi di Siena S.p.A., IBAN IT 72 D 01030 61622 000001835807 for the deposit of the Quota Capital.

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

**"Rating Agency"** means Fitch.

**"Real Estate Assets"** means the real estate properties which have been mortgaged in order to secure the Receivables and each of them a **"Real Estate Asset"**.

**"Receivables"** means each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements and the Integration Assets including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Valuation Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to the Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements and the Integration Assets, including penalties and any other amount due to the Seller in the case of prepayments of the Mortgage Loans, and to the guarantees and insurances related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Valuation Date;
- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which the Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (*garanzie reali o garanzie personali*) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Seller in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

**"Records"** means the records prepared pursuant to clause 10.1 (*Duty to maintain Records*) of the Cash Management and Agency Agreement.

**"Recoveries"** means any amounts received or recovered by the Servicer, in accordance with the terms of the Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the Conditions.

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Guarantor Calculation Agent in the market that is most closely connected with the Reference Rate.

**"Reference Price"** has the meaning given in the relevant Final Terms.

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

**"Regular Period"** means:

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

**"Relevant Clearing System"** means Euroclear and/or Clearstream and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made;

**"Relevant Contracts"**:

- (i) in respect of any Issuer Paying Agent - other than the Issuer - the Cash, Management and Agency Agreement;
- (ii) in respect of any Covered Bond Swap Counterparty, the relevant Swap Agreement, if any;
- (iii) in respect of the Asset Monitor, the Asset Monitor Agreement

and, in respect of any Other Issuer Creditor which may be in the future identified as such pursuant to this Covered Bond Guarantee, any other Programme Document which may be entered into from time to time by such Other Issuer Creditor.

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Issuer Paying Agent or the Guarantor Paying Agent, as the case may be, on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders.

**"Relevant Dealer(s)"** means, in relation to a Series or a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the Guarantor for the issue

by the Issuer and the subscription by such Dealer(s) of such Series or Tranche pursuant to the Programme Agreement.

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms.

**"Relevant Public Entity Securities Documents"** means, where available, the relevant prospectuses (or, for Public Entity Securities in respect of which duty to publish a prospectus is not provided for, the issue notice published in accordance with the relevant applicable law) and/or the terms and conditions of the Securities (or similar documents in accordance with the relevant applicable law).

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

**"Relevant Time"** has the meaning given in the relevant Final Terms.

**"Representative of the Covered Bondholders"** means Banca Finanziaria Internazionale S.p.A. (formerly, Securitisation Services S.p.A.), acting in its capacity as representative of the Covered Bondholders pursuant to the Intercreditor Agreement, the Programme Agreement, the Deed of Pledge, the Conditions and the Final Terms of each Series of Covered Bonds.

**"Required Outstanding Principal Balance"** has the meaning ascribed to such term under Clause 8.2.1 (*Required Outstanding Principal Balance Amount*) of the Cover Pool Administration Agreement.

**"Required Outstanding Principal Balance Amount"** has the meaning ascribed to such term under Clause 8.2.2 (*Required Outstanding Principal Balance Amount*) of the Cover Pool Administration Agreement.

**"Required Reserve Amount"** means, on each Guarantor Payment Date, an amount calculated by the Guarantor Calculation Agent as being equal to the sum of:

- (i) (A) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Guarantor Payment Period (such that, (a) if Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the net amount due to the Covered Bond Swap Counterparty or the amount due to the Covered Bondholders of such Series, (b) if Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due to the Covered Bondholders of such Series and (c) if Swap Agreements are in place for a portion of a Series of Covered Bonds, such interest amounts accruing will be the sum of (i) for the portion of the Series covered by the Swap Agreements, the higher of the net amount due to the Covered Bond Swap Counterparty and the amount due to the Covered Bondholders of such Series, and (ii) for the remaining portion, the interest amounts accruing will be the proportional amount due to the Covered Bondholders of such Series in each case as calculated by the Guarantor Calculation Agent on or prior to each Guarantor Calculation Date, *plus* (B) prior to the service of a Notice to Pay, the aggregate amount to be paid by the Guarantor on the second Guarantor Payment Date following the relevant Guarantor Calculation Date in respect of the items (*First*) to (*Third*) (each inclusive) of the Pre-Issuer Event of Default Interest Priority of Payments; *plus*



- (ii) any additional amount that the Issuer has voluntarily resolved to accumulate as reserve in order to create an additional stock to procure that the Statutory Tests are met with respect to the Cover Pool.

**"Reserve Account"** means the Euro denominated account established in the name of the Guarantor with the Account Bank IBAN IT 25 R 03479 01600 000802318402, or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

**"Reserve Fund"** means means any amounts standing to the credit of the Reserve Account up to the Required Reserve Amount.

**"Rules of the Organisation of the Covered Bondholders"** or **"Rules"** means the rules of the Organisation of the Covered Bondholders attached as exhibit to the Conditions of the Covered Bonds.

**"Sanctions"** means any sanctions, laws, regulations, or restrictive measures (including, for the avoidance of doubt, any sanctions or measures relating to any particular embargo, asset freezing) enacted, administered, imposed or enforced by the United States of America, including OFAC Regulations, the United Nations and/or the European Union and/or the French Republic, and/or the United Kingdom (including His Majesty's Treasury) or other relevant authority.

**"Secured Creditors"** means, collectively, the Representative of the Covered Bondholders (in its own capacity and as legal representative of the Covered Bondholders), the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Guarantor Calculation Agent, the Test Calculation Agent, the Corporate Servicer, the Issuer Paying Agent, the Guarantor Paying Agent, the Account Bank, the Asset Monitor, the Covered Bond Swap Counterparty, the Portfolio Manager (if any), the Cash Manager, together with any other entity acceding to the Intercreditor Agreement.

**"Securities Account"** means the account which will be opened in the name of the Guarantor with the Account Bank, upon purchase by the Guarantor from the Seller of Eligible Assets and/or Integration Assets and /or Liquid Assets (other than Liquid Assets deposited on the Liquidity Buffer Securities Account represented by bonds, debentures, notes or other financial instruments in book entry form in accordance with and subject to the conditions of the Cash Management and Agency Agreement.

**"Securities Act"** means the U.S. Securities Act of 1933, as amended and supplemented from time to time.

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

**"Security Interest"** means:

- (i) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (ii) any arrangement under which money or claims to money, or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge or any sum owed or payable to any person; or
- (iii) any other type or preferential arrangement having a similar effect.

**"Selected Assets"** has the meaning ascribed to such term under Clause 8 (*Disposal of Assets following a Notice to Pay*) of the Cover Pool Administration Agreement.

**"Seller"** means BPAA pursuant to the Master Transfer Agreement.

**"Series"** or **"Series of Covered Bonds"** means each series of Covered Bonds issued in the context of the Programme.

"**Servicer**" means Banca Popolare dell'Alto Adige S.p.A., in its capacity as servicer pursuant to the Servicing Agreement.

"**Servicer Termination Event**" means any of the events set out under clause 8.1 (*Casi di revoca del mandato del Servicer*) of the Servicing Agreement, which allows the Guarantor to terminate the Servicer's appointment and appoint a Substitute Servicer pursuant to the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement entered into on 1 October 2019 between the Guarantor, the Issuer and the Servicer, as amended and restated from time to time.

"**Sole Affected Party**" means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

"**Specific Criteria**" means (i) with respect to the Initial Portfolio, the criteria listed in schedule 3 (*Criteri Specifici in relazione al Portafoglio Iniziale*) to the Master Transfer Agreement; or (ii) with respect to each New Portfolio, the criteria listed in Annex A of the relevant Transfer Notice of the New Portfolio.

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

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms.

"**Specified Office**" means, with respect to:

- (i) the Account Bank and Guarantor Paying Agent, Piazza Lina Bo Bardi 3, Milan,
- (ii) the Cash Manager, Test Calculation Agent and Issuer Paying Agent, Via del Macello, 55, Bolzano, Italy, and
- (iii) the Guarantor Calculation Agent and Corporate Servicer, Via V. Alfieri, 1, 31015 Conegliano (TV), Italy.

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

"**Stabilisation Manager**" means each Dealer or any other person acting in such capacity in accordance with the terms of the Programme Agreement.

"**Statutory Tests**" means such tests provided for under article 7-*undecies* of Law 130 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under clause 2 (*Statutory Test*) of the Cover Pool Administration Agreement.

"**Statutory Test Verification**" has the meaning ascribed to such term under Clause 3.1.1 (*Scope of Statutory Tests Verification and Asset Coverage Test Verifications*) of the Asset Monitor Agreement.

"**Stock Exchange**" means the Luxembourg Stock Exchange's.

"**Stichting Corporate Services Provider**" means Wilmington Trust SP Services (London) Limited acting in its capacity as stichting corporate services provider of Stichting Urano pursuant to the Stichting Corporate Services Agreement.

"**Stichting Corporate Services Agreement**" means the stichting corporate services agreement entered into on 10 October 2019, between the Guarantor, the Stichting Corporate Services Provider and Stichting Urano, pursuant to which the Stichting Corporate Services Provider will provide certain administration services to Stichting Urano, as amended and restated from time to time.

"**Stock Exchange**" means the Luxembourg Stock Exchange.

**"Subordinated Loan Provider"** means the Seller, in its capacity as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

**"Subordinated Loan Agreement"** means the subordinated loan agreement entered into on 1 October 2019 between the Subordinated Loan Provider and the Guarantor, as amended and restated from time to time.

**"Subscription Agreements"** means each subscription agreement entered into on or about the Issue Date of each Series of Covered Bonds between each Dealer and the Issuer.

**"Subsidiary"** has the meaning ascribed to such term in Article 2359 of the Italian Civil Code.

**"Substitute Servicer"** means the successor to the Servicer which may be appointed by the Guarantor, upon the occurrence of a Servicer Termination Event, pursuant to clause 8.4 (*Sostituto del Servicer*) of the Servicing Agreement.

**"Suspension Period"** means the period of time following an Article 74 Event.

**"Swap Agreements"** means any swap agreement or other hedging agreements, if any, aimed at hedging certain interest rate risks and/or, if applicable, currency exposures in relation to the Guarantor's obligations under the Covered Bonds, that may be entered into between the Guarantor and the relevant Covered Bond Swap Counterparty.

**"Swap Basic Term Modification"** means any amendment to any of the Programme Documents aimed at: (i) altering the Priority of Payments by affecting the position of the Covered Bond Swap Counterparty if compared to the position of the Covered Bondholders, (ii) changing a payment date under the Swap Agreements; (iii) providing a reduction or cancellation or increase in the payments due under the Swap Agreements; (iv) altering the currency for each relevant payment under the Swap Agreements; (v) extending the termination date under the Swap Agreements and (vi) modifying this definition.

**"Swap Collateral"** means the collateral which may be transferred by the Covered Bond Swap Counterparty to the Guarantor in support of its obligations under the Swap Agreements.

**"Swap Collateral Accounts"** means collectively the Swap Collateral Cash Account, the Swap Collateral Securities Account and any swap collateral cash account, any swap collateral securities account and any other collateral account that may be opened, in name and on behalf of the Guarantor, with an account bank on which each Swap Collateral in the form of cash and/or securities and will be posted in accordance with the relevant Swap Agreement.

**"Swap Collateral Cash Account"** means the Euro denominated collateral account that may be opened in the name of the Guarantor with the Account Bank, or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

**"Swap Collateral Excluded Amounts"** means, at any time, cash and/or securities equivalent of the same type, nominal value and description as the Swap Collateral which is to be transferred back by the Guarantor to the Covered Bond Swap Counterparty from time to time in accordance with the terms of the Swap Agreements.

**"Swap Collateral Securities Account"** means the Euro denominated account that may be opened in the name of the Guarantor with the Account Bank, or such other substitute account as may be opened in accordance with the Cash Management and Agency Agreement.

**"Swap Curve"** means the term structure of interest rates used by the Test Calculation Agent in accordance with the best market practice and calculation based on market instruments.

**“Stichting Urano”** means Stichting Urano in its capacity as quotaholder of the Guarantor.

**"T2"** means the real time gross settlement system operated by the Eurosystem (T2) combining the functionalities of a Real Time Gross Settlement (RTGS) system with those of a Central Liquidity Management (CLM) system and which was launched on 20 March 2023.

**“T2 Settlement Day”** means any day on which the real time gross settlement system operated by the Eurosystem (T2) is open.

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

**“Term Loan”** means the term loan to be granted by the Subordinated Loan Provider pursuant to the terms of clause 2 (*Il Finanziamento Subordinato*) of the Subordinated Loan Agreement.

**"Tests"** or **"Test"** means, collectively, the Statutory Tests, the Asset Coverage Test and the Amortisation Test.

**“Test Calculation Agent”** means Banca Popolare dell’Alto Adige S.p.A., acting as test calculation agent for of the Tests, the Liquidity Buffer Target Amount, the Exposure Limit and the Minimum OC Requirement or any other institution that, from time to time, may be appointed as such pursuant to the Cash Management and Agency Agreement.

**“Test Calculation Date”** means both prior to and after the delivery of an Acceleration Notice, the date falling on the fifth Business Day immediately preceding each Guarantor Payment Date.

**"Test Grace Period"** means the period starting from the Test Calculation Date on which the breach of a test is notified by the Test Calculation Agent and ending on the immediately following Test Calculation Date.

**"Test Performance Report"** means the report to be delivered on each Test Calculation Date or, after the occurrence of a breach of Test, on each Monthly Test Calculation Date, by the Test Calculation Agent pursuant to the terms of the Cover Pool Administration Agreement.

**"Total Commitment"** with respect to the Subordinated Loan Provider, has the meaning ascribed to such term under the Subordinated Loan Agreement.

**"Trade Date"** means the date on which the issue of the relevant Series of Covered Bonds is priced.

**"Tranche"** means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

**"Transfer Agreement"** means any subsequent transfer agreement for the purchase of each New Portfolio entered into in accordance with the terms of the Master Transfer Agreement.

**"Transfer Date"** means: (a) with respect to the Initial Portfolio, 1 October 2019; and (b) with respect to the New Portfolios, the date designated by the Seller in the relevant Transfer Notice.

**"Transfer Notice"** means, in respect to each New Portfolio, such transfer notice which will be sent by the Seller and addressed to the Guarantor in the form set out in schedule 6 (*Modello di proposta di cessione di Nuovi Portafogli*) to the Master Transfer Agreement.

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

**"Usury Law"** means the Law number 108 of 7 March 1996 as amended from time to time together with Decree number 394 of 29 December 2000 which has been converted in law by Law number 24 of 28 February 2001 as amended from time to time.

**"Value Added Tax" or "VAT"** means *Imposta sul Valore Aggiunto (IVA)* as defined in D.P.R. number 633 of 26 October 1972.

**"Valuation Date"** means (a) with reference to the Initial Portfolio, 1 September 2019, and (b) with reference to the New Portfolios, the date designated as such in the relevant Transfer Notice.

**"Warranty and Indemnity Agreement"** means the warranty and indemnity agreement entered into on 1 October 2019 between the Seller and the Guarantor, as amended and restated from time to time.

**ISSUER, SERVICER and SELLER**

**Banca Popolare dell'Alto  
Adige S.p.A.**

Via del Macello, 55  
39100 Bolzano  
Italy

**GUARANTOR**

**VOBA CB S.r.l.**

Via Vittorio Alfieri, 1  
31015 Conegliano (TV)  
Italy

**JOINT ARRANGERS**

**Unicredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**Banca Finanziaria**

**Internazionale S.p.A.**  
Via V. Alfieri, 1  
31015 Conegliano (TV)  
Italy

**DEALERS**

**Unicredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**Erste Group Bank AG**

Am Belvedere 1  
A-1100 Vienna  
Austria

**REPRESENTATIVE OF THE COVERED BONDHOLDERS**

**Banca Finanziaria Internazionale S.p.A.**

Via V. Alfieri, 1  
31015 Conegliano (TV)  
Italy

**LISTING AGENT**

**BNP Paribas, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855 Luxembourg  
Luxembourg

**LEGAL ADVISORS**

*To the Arrangers and Dealers*

**Orrick, Herrington & Sutcliffe LLP**

Piazza della Croce Rossa, 2  
00161 Rome  
Italy