

BASE PROSPECTUS



Banca Akros S.p.A.

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

CERTIFICATES PROGRAMME

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

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

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

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

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

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

Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities involve a high degree of risk, including the risk of their

expiring worthless. Potential investors should be prepared to sustain a loss of all or part of the purchase price of their Securities. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Securities and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See Section *Risk Factors*. The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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

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

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

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

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

status of the administrator.

The Securities are being offered and sold outside the U.S. to persons that are not U.S. persons (as defined in Regulation S (**Regulation S**) under the Securities Act) in reliance on Regulation S. No Securities of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. The Securities may not be legally or beneficially owned at any time by any U.S. person. For a description of certain further restrictions on offers and sales of the Securities and on the distribution of this Base Prospectus, see "*Offering and Sale*" below. The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Securities or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The date of this Base Prospectus is dated 13 December 2021.

This Base Prospectus is valid for a period of twelve months from the date of its approval (i.e. 13 December 2022). For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies when this Base Prospectus is no longer valid.

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

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

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

This Base Prospectus does not contain statements or reports issued by experts with the exception of the reports of the Independent Auditor that carried out the audit of the Issuer's annual financial statements for the financial years as at 31 December 2020 and 31 December 2019.

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

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

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

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

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection

with the Programme is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no material adverse change in the prospects of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented. Investors should review, inter alia, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Securities.

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

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

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Securities outside the European Economic Area or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities in the United States and the European Economic Area

(including Luxembourg, Austria, France, Germany, Ireland, Netherlands, Republic of Italy). See “Offering and Sale” Section.

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

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

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

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

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

PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION CONTAINED OR REFERRED TO IN THIS BASE PROSPECTUS IS NOT INTENDED TO BE

RELIED UPON BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; AND (B) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

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GENERAL DESCRIPTION OF THE PROGRAMME

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

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

Issuer:	Banca Akros S.p.A.
Name of the Programme:	Certificates Programme
Issuing and Paying Agent and Luxembourg Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch
Calculation Agent:	The Issuer or such other calculation agent specified in the applicable Final Terms.
Settlement Currencies:	Euro, U.S. dollars or any other currency or currencies selected by the Issuer, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Issue Price:	Certificates may be issued at such price as shall be determined by the Issuer or any Manager appointed in respect of the issue subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issue Price will be specified in the applicable Final Terms.
Offer Price:	Certificates may be offered at such price as specified in the applicable Final Terms. The Offer Price may be equal to the Issue Price, or such other price as specified in the applicable Final Terms.
Form of Securities:	<p><u><i>Bearer Securities</i></u></p> <p>Each issue of Bearer Securities will, on issue, be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable either, in accordance with its terms, for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.</p> <p><u><i>Italian Dematerialised Securities</i></u></p> <p>Italian Dematerialised Securities will be issued in bearer (<i>al portatore</i>), uncertificated and dematerialised book-entry form into Monte Titoli S.p.A. (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy, or any successor clearing system thereto) ("Monte Titoli") pursuant to Italian legislative decree no. 58/1998, as amended and implemented and subsequent implementing provisions ("Italian</p>

Dematerialised Securities"). Italian Dematerialised Securities will not be issued in definitive form. However, the holder still has the right to obtain the release of the certificate pursuant to articles 83-*quinquies* and 83-*novies*, paragraph 1, letter b), of the Italian legislative decree no. 58/1998 as amended and integrated by subsequent implementing provisions.

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

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

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

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

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

Settlement:

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

Exercise of Certificates:

Each Certificate shall be automatically exercised on the Maturity Date, unless an Early Redemption Event has occurred (if applicable).

In the case of Certificates listed on the regulated market of jurisdictions other than Luxembourg, Securityholders may be entitled to waive the automatic exercise in accordance with the specific requirements of such regulated market, as specified in the applicable Final Terms.

Status of the Securities:

The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank, unless provided otherwise by law, *pari passu* among themselves and, (save for certain obligations required to be performed by law), equally with all other unsecured obligations other than subordinated obligations, if any, of the Issuer from time to time outstanding.

Substitution of the Issuer:

Unless otherwise indicated in the relevant Final Terms, the Issuer is entitled, subject to the Conditions of the Securities, to substitute

any other company as principal debtor in respect of all obligations arising from or in connection with any Securities or to change the branch through which it is acting for the purpose of any Securities. Upon any such substitution of the Issuer or branch, the Conditions of the Securities will be amended in all consequential respects.

Categories of potential investors:

Subject to the restrictions and conditions set out in this Base Prospectus under Section "*Offering and Sale*", the categories of potential investors to which the Securities are intended to be offered are retail, "high net worth" and institutional investors.

Passporting:

In accordance with Article 25 par. 1 of the Prospectus Regulation, the CSSF has been requested to provide the following competent authorities with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation:

- *Finanzmarktaufsicht* (FMA) (Austria);
- *Autorité des marchés financiers* (AMF) (France);
- *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin) (Germany);
- Central Bank of Ireland (CBI) (Ireland);
- *Commissione Nazionale per le Società e la Borsa* (CONSOB) (Italy);
- *Autoriteit Financiële Markten* (AFM) (The Netherlands).

Listing and Admission to Trading:

Application has been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market (including the professional segment of the regulated market of the Luxembourg Stock Exchange).

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

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

Governing Law:

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

RISK FACTORS

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

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

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

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

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

A.1) Risks related to the general economic and financial situation of the Issuer and the Group

Risk related to the economic and financial crisis, the impact of current uncertainties of the macroeconomic context and the consequences of the COVID-19 outbreak

There is a risk that the future evolution of the macroeconomic context could have negative effects on the capital, the economic and the financial situation of the Issuer, as well as on its creditworthiness and / or on the creditworthiness of the Banco BPM Group.

Adverse changes in the factors described below, particularly during economic and financial crisis, could lead the Issuer and / or the Banco BPM Group to suffer losses, higher financing costs, reductions in the value of the assets held, with a potential negative impact on the liquidity of the Issuer and / or the Banco BPM Group and on its own capital solidity. It should be noted that 2020 has been characterized by the spread of COVID-19 outbreak and that the banking activity during such year has been affected by the consequences of the health emergency, with inevitable implications on the performance of the Banco BPM Group. A worsening of the health situation related to COVID-19 outbreak may have a further impact on the economic, financial and capital situation of the Banco BPM Group. The first half of 2021 was also strongly affected by the health emergency related to the COVID-19 pandemic. Some concerns have emerged with the advent of virus’ variants, and for this reason, elements of uncertainty remain on how production activities will be able to recover after the events that characterized financial year 2020. In this context, and considering the effects of the emerging measures adopted by the Italian Government to support the liquidity of the system, including the granting of moratoria on a significant amount of loans, there is the possibility of a negative impact on the Group's ability to generate revenues due to the weakening of the customers demand for both financing and investment products, with particular reference to corporate and private segments. During the year, the market turmoil and the recession will have an impact on the contribution of subsidiaries and on the trend of commissions, both those linked to investment products and those linked to economic activities.

The Issuer could suffer losses and reductions in the asset value due to market tensions and to the decrease of business opportunities, which follows the decrease of operations by the customers of the Issuer, caused by the negative impact on economy due to COVID-19 emergency.

Tensions on financial markets due to the spread of COVID-19 in Europe and in the rest of the world starting from the end of February 2020 have led to severe shocks and high volatility on both the stock and bond markets. Indeed, the volatility of financial markets after the pandemic affected not only the assets of the Group, but also the liabilities issued at fair value, whose quotations have been materially influenced by the volatility of Banco BPM's creditworthiness. In particular, the overall economic effect recorded in the previous year due to the creditworthiness on the Certificates issued by the Group, gross of tax, has been negative for Euro - 17.5 million (Euro - 11.7 million net of tax). In the first semester of 2021, the change in creditworthiness on financial liabilities issued by the Group generated a negative impact equal to Euro 17.8 million gross of tax (Euro - 11.9 million net of tax).

With specific reference to the Issuer, in 2020 financial year, characterized by the health emergency still in place at the international level, the operating income amounted to Euro 125.4 million, decreasing by 11.9% compared to 31 December 2019 and the interest margin contracted by - 12.2%. As at 30 June 2021, the operating income amounted to Euro 57.4 million, decreasing by 12.1% compared to 30 June 2020 and the interest margin is contracted (- 32.7% compared to 30 June 2020). Net income for the period amounted to Euro 24.2 million (Euro 38.0 million as at 31 December 2019). As at 30 June 2021, net income for the period amounted to Euro 2.3 million (11.6 million in the first semester of 2020).

Total assets of the reclassified separate financial statements as at 31 December 2020 amounted to Euro 7,905.8 million, down on the Euro 9,803.9 million as at 31 December 2019. As at 30 June 2021, total assets and total liabilities of the financial statements amount to Euro 8,902.7 million, increasing compared to 31 December 2020.

Net non-performing loans to customers amounted to only Euro 185 thousand (Euro 199 thousand as at 31 December 2019). As at 30 June 2021, net non-performing loans to customers amounted to Euro 170 thousand.

Given the trend of financial markets, the change in the value of a financial asset or liabilities could have possible negative effects on the Issuer's and / or the Group's assets and economic, capital and / or financial situation.

The Issuer's performance is influenced by the general economic situation, in Italy and in entire Eurozone, and by the dynamics of financial markets, and, in particular, by the solidity and growth prospects of the economy of the geographical areas in which the Issuer operates.

In particular, the Issuer's earning capacity and solvency are influenced by the trend of certain factors, such as investor expectations and confidence, the level and volatility of short and long-term interest rates, the exchange rates, the liquidity of financial markets, the availability and cost of capital, the sustainability of sovereign debt, the household incomes and consumer spending, business investments, unemployment levels, inflation and real estate prices.

Negative variations of the factors described above, in particular during periods of economic-financial crisis, could lead the Issuer to suffer losses, increases of financing costs, and reductions of the value of the assets held, with a potential negative impact on the liquidity of the Issuer and its capital soundness.

Moreover, national and European Authorities have adopted a series of countermeasures aimed at introducing elements of financial support to the economy - also through the provision of new credit lines backed by a public guarantee pursuant to Legislative Decree 17 March 2020, n. 18 (the "**Cura Italia Decree**") and the Law Decree 8 April 2020, n. 23 (the "**Liquidity Decree**") containing urgent provisions for supporting the liquidity of companies and to export as well as the granting of *moratoria* on existing loans - and at the same time ensuring the orderly functioning of the money market and financial market, also aiming at avoiding the onset of liquidity tensions and limiting fluctuations in government bond yields. These measures have a significant impact, comprising resources far greater compared to other intervention measures implemented for previous recession situations.

The Parent Company activated the support measures adopted by the Government and in particular granted the *moratoria* provided for by the Cura Italia Decree and by the ABI Protocol for an amount of Euro 12.2 billion as at 31 December 2020, compared to the previous Euro 16.2 billion.

It should be noted that, after a weak start of the Italian and European economy in the first quarter of 2021, conditioned by the effects of the third COVID wave, the intensification of the vaccination campaigns allowed an improvement in the economic situation and the dynamics of national banking activity benefited from this improvement in the first semester of 2021.

As regards the dynamics of domestic banking activity, in the first half 2021, it should be noted that the evolution of credit volumes was still conditioned also by the exceptional credit support measures introduced by the government during 2020 with the aforementioned "Cura Italia Decree" and "Liquidity Decree". The moratoria on mortgages and on credit lines and the state guarantee on loans were lastly extended from 30 June 2021 to 31 December 2021, with some limited amendments. In the first months of 2021, credit to the non-financial private sector in Italy has, therefore, continued to expand at a sustained speed. Loans to companies, however, began to slow down the tumultuous growth that had characterized 2020. The component linked to moratoria has begun to drop significantly whereas the recourse to government guarantees on loans remains high. The demand from companies has been less linked to liquidity needs and more to debt renegotiation needs; there are also signs of a recovery in financing for new fixed investments.

In this context, which in any case remains characterized by repercussions on the world economy as well as on the activities of companies, the Group continued to implement the measures launched during 2020 and aimed at protecting its customers and employees.

With reference to the issue of moratoria for the support of private clients, in the first half of 2021, the Parent Company applied the provisions of Law Decree no. 73 of May 25, 2021 ("Sostegni *bis* Decree"), which reinstated most of the provisions of article 54 of the "Cura Italia Decree", which expired on 17 December 2020.

With reference to the issue of moratoria for the support of corporate clients, during 2021, the Parent Company operated in compliance with the government provisions that led to the subsequent automatic extensions, unless waived by the customers, of the moratoria pursuant to article 56 of the "Cura Italia Decree" up until 30 June 2021.

Support activities for corporate clients continued also through the important use of the facilitating instruments made available by the Liquidity Decree and the related possibility to access dedicated loans guaranteed by the Guarantee Fund for SMEs and SACE.

Overall, considering the interventions in favor of private individuals and companies, the loans still outstanding amount to Euro 24.5 billion and are mainly represented by exposures subject to moratoria and new loans provided through public guarantee mechanisms (liquidity measures).

More in details, in accordance with EBA guidelines not yet expired, the support measures represented by the *moratoria* amount to Euro 9.5 billion as at 30 June 2021, of which Euro 9.4 billion performing; the latter decreased to Euro 4.8 billion at the beginning of August and are concentrated for about 74% in the best rating classes. Liquidity measures amount to Euro 14.9 billion; the amount of the public guarantee received is equal to about 86% of the disbursed value. These exposures are almost entirely classified in the non-impaired portfolio.

In this context, there is the possibility that a slowdown in the economy could lead to a deterioration in the quality of the loan portfolio, also taking into account the amount of loans for which a *moratoria* has been granted, with a consequent increase of the impact of non-performing loans and the need to increase the provisions to be recorded in the income statement. It should be noted that the Parent Company has put in place measures aimed at monitoring and preventing the customer segment covered by the *moratoria* in order to determine a default percentage equal to 1.25% for the *moratoria* expired on 30 June 2021. However, there is

also the possibility of a negative impact on the Group's ability to generate revenues due to the weakening of customer demand for both financing and investment services and products, with particular reference to the corporate, business and private segments. The turbulence on the financial markets and the recession will instead weigh on the contribution of subsidiaries and on the trend of commissions, both those linked to investment products and those linked to economic activities. The reduction of operating costs, through an improvement of the efficiency, will continue to be one of the main factors of attention, helping to mitigate the pressure on operational management results.

As at 31 December 2020, interest margin amounted to Euro 73.2 million, down from Euro 83.4 million in 2019 mainly as a result of the decline in coupon interest on securities in the trading book. The contribution of net commissions in 2020 (Euro 41.8 million) was positive (+7.5%) compared to 2019 (Euro 38.8 million) and is due to bond placements and in particular to the Brokerage area, which confirmed its ranking on the markets; the M&A and ECM investment banking areas, on the other hand, were the most affected by the pandemic crisis, although they recovered at the end of the second half of 2020.

Operating expenses decreased (-2.4%) from Euro - 86.7 million in financial year 2019, to Euro - 84.6 million in financial year 2020. Income from operating activities as of 31 December 2020 amounted to Euro 40.8 million, while it was Euro 55.7 million (-26.6%) as of 31 December 2019. As of 31 December 2020, the gross profit from current operations amounted to Euro 41.2 million, while as of 31 December 2019 it amounted to Euro 55.8 million (-26.1%). As of 31 December 2020, net income from continuing operations was equal to Euro 27.7 million, while as of 31 December 2019 it was equal to Euro 39.0 million (-28.9%).

As at 30 June 2021, net interest income amounts to Euro 26.1 million, down from Euro 38.8 million in the first semester of 2020, mainly as a result of the contraction in coupon interest on securities in the trading book, including those issued by Banco BPM, the reduced activity of issuing certificates and related investments in bonds issued by the parent company, and as a result of the "derisking" activity carried out by the Bank on the bond segment to mitigate the impact in terms of market RWA resulting from the extension of the internal model which, from the end of 2020, includes the specific risk on debt securities and the "Incremental Risk Charge" component. As at 30 June 2021, the contribution of net commissions amounts to Euro 24.6 million, positive (+12.5%) compared to the first half of 2020.

Operating expenses amounted to Euro 45.1 million, in line with the Euro 44.5 million of the first half of last year (+1.3%). Net operating income amounted to Euro 12.3 million, compared with Euro 20.8 million as at 30 June 2020 (-40.9%). The gross profit from current operations amounted to Euro 12.6 million, while it was Euro 21.2 million as at 30 June 2020 (-40.6%). Net income from continuing operations amounted to Euro 9 million as at 30 June 2021, compared with Euro 14.5 million as at 30 June 2020 (-37.4%).

Furthermore, in the current macroeconomic context some uncertainties remain, in particular: (a) the trend of the economy and the prospects for recovery and consolidation of the economies of certain Countries such as the United States and China, which in recent years have shown a constant growth, also strongly conditioned by the effects of the spread of COVID-19, as mentioned above; (b) trends in the real economy with regard to the probability of recession at both the domestic and global levels; (c) the future developments of the monetary policy of the ECB, in the Eurozone and of the FED, in the Dollar area, and of the policies, implemented by various Countries, aimed at encouraging competitive devaluations of their currencies; (d) the instability of the climate of confidence among the holders of the Italian public debt due to the uncertainty on budgetary policies; (e) the risk of an inflationary recovery; and (f) the latest effects of the United Kingdom's definitive exit from the European Union (Brexit).

Risk related to uncertainties in the use of estimates in preparing the financial statements and to the fair value valuation of complex financial instruments not listed on active markets on a recurring basis

The application of certain accounting standards necessarily implies recourse to estimates and assumptions that have an impact on the values of assets and liabilities recorded in the statement of financial position and on the

information provided in relation to potential assets and liabilities.

However, the models used for the valuation of the fair value of not-listed financial instruments, especially those that are highly complex (structured securities and derivatives), besides being many and different in relation to the type of instrument to be valued, have also required the formulation of specific qualitative and quantitative assumptions that could lead to different results.

Therefore, it should be noted that these models may be extremely sensitive to the input data and the assumptions used and, by nature, imply a risk of incorrect assessment.

As at 31 December 2020, financial instruments that are not listed on active markets, whose fair value was determined by using models based on data and parameters directly observable, show a total asset value of Euro 4,891 million and a liability value equal to Euro 4,658 million, corresponding to the 62% of assets and the 59% of liabilities.

The assumptions that constitute the basis of the estimates of the financial statements take into account all the information which were available as at the date of preparation of the financial statements, as well as any scenarios considered reasonable based on past experience and the current situation of financial markets. The economic and financial crisis made it necessary to adopt assumptions on future outlook marked by significant uncertainty.

Given the uncertainty, it cannot be excluded that the assumptions made, albeit reasonable, may not be confirmed by future scenarios in which the Issuer will operate. Future results could therefore differ from the estimates used in preparing these financial statements, and it would therefore be necessary to adjust any figures currently not predictable or estimable with respect to book values recognised under assets and liabilities in the statements.

The use of estimates and assumptions is strictly affected by the development of the national and international economic context as well as by financial markets trends, which generate significant impacts on interest rates, price fluctuations, actuarial bases and the credit rating of counterparties.

In the course of the audit, the internal control system relevant to the financial reporting has been considered, in order to define the most appropriate audit procedures, in particular the understanding and evaluation of the design of controls relevant to the identification, measurement and monitoring of the risk related to the valuation and recognition of financial instruments, as well as the operating effectiveness of those controls.

For more detailed information, see Part E of the Notes to the 2020 Financial Statements.

Risk related to the rating assigned to the Issuer

In the event of a downgrading of the rating assigned to the Group and / or the Issuer (including the case in which it is due to a worsening of Italy's sovereign debt rating or the so-called "outlook"), a consequently greater expense in obtaining financing, greater difficulty in accessing the capital market, a possible need to add to the guarantees provided or a general ability to generate business may arise. It could also have negative impact on the liquidity of the Group and the Issuer and limit its ability to conduct certain commercial activities, also strategically productive, with a consequent negative impact on the financial, economic and equity conditions of the Group and the Issuer.

The Issuer believes that the risk associated with the rating assigned to the Issuer is of medium - low importance.

The rating assigned to the Issuer constitutes an assessment of the Issuer's ability to fulfil its financial liabilities, including those related to the financial instruments issued from time to time.

Any deterioration of the Issuer's rating could be an indication of a lower ability to fulfill its financial liabilities compared to the past or of the difficulties related to the national economic framework.

Furthermore, considering that - on the basis of SA1 level Support Assessment assigned by DBRS - the ratings of the Issuer are equal to those of the Parent Company, there is a risk that any changes in the ratings of the Parent Company will also have an impact on the rating of the Issuer.

Finally, the Issuer's rating may be affected by the rating of the Republic of Italy, as well as by the evolution of the national macroeconomic context. Therefore, a possible worsening of the sovereign rating and / or of the macroeconomic context of Italy could lead to a downgrading of the rating of the Group and, consequently, of the Issuer, with negative effects on the activities and on the economic and financial position of the Issuer and / or of the Banco BPM Group.

In this regard, for more detailed information, see paragraph "*Risk related to the economic and financial crisis and the impact of current uncertainties of the macroeconomic context and the consequences of the COVID-19 outbreak*" above.

With regard to the evolution of the creditworthiness assessment of the Issuer and the Group, on 12 May 2021 Moody's Investors Service changed, from Negative to Stable, the outlook of long-term rating on deposits and the long-term rating on senior unsecured debt of Banco BPM, while confirming the other ratings, including the Baseline Credit Assessment (at ba3), the long and short term ratings on deposits (at Baa3 / P-3), as well as the long-term rating on senior unsecured debt (at Ba2). In November 2020, the Parent Company and Banca Akros received confirmation of the investment grade ratings from the DBRS agency, "BBB (low)" for the long-term rating on senior debt and for the long-term issuer rating and "BBB" for the long-term rating on deposits and the trend of the Group's long-term and short-term ratings was confirmed as Negative.

Risk related to legal and administrative proceedings and inspection activities of Supervisory Authorities

The risk deriving from legal proceedings and disputes in general consists in the possibility for the Issuer to incur compensation in the event of a negative outcome.

In the ordinary course of its business, the Issuer is subject to certain administrative, judicial and/or arbitration proceedings from which obligations may arise to pay compensation. The specific provisions allocated over the years to cover potential losses on legal disputes, lawsuits and customer complaints, recorded in the balance of provisions for risks and charges, under the item legal and tax disputes, amounted overall to Euro 641 thousand as at 31 December 2020 (compared to Euro 227 thousand as at 31 December 2019). In particular, the pending legal disputes are seven (three more than those at 31 December 2019) for a *petitum* of Euro 662 thousand and a loss forecast of Euro 641 thousand.

The increase in the provisions for risks and charges referred to above is mainly due to the allocation of approximately Euro 454 thousand already in place at 31 December 2019 and posted to the item "4.3 other", relating to a legal dispute of 2019 with some private customers no longer operating with Banca Akros. Such legal dispute has turned into a lawsuit and is one of those new seven cases started in 2020 (four of the previous disputes were resolved during the year).

Moreover, in the course of their ordinary activity, the Banco BPM Group and the Issuer are subject to inspection activities of the supervision Authorities.

The outcomes of such inspection activities may require organizational interventions, both to the Issuer and to the Group, which may be required to adopt direct measures to correct any deficiencies found during investigations and inspections. Furthermore, the supervision Authority could also adopt disciplinary measures against corporate officers with administrative, management or control functions.

A.2) Risks related to the Issuer's business sector

Market risk

The operational VaR of the trading book (i.e. the maximum potential loss from market movements under normal conditions, over a certain time horizon and with a defined probability), as at 31 December 2020, amounted approximately to Euro 4.8 million (Euro 2.3 million as at 31 December 2019). For the first semester of 2021, the average operational VaR is equal to Euro 3.2 million. The Operational VaR of banking book amounted to Euro 1.2 million as at 31 December 2020 (Euro 1 million as at 31 December 2019), with the highest peak recorded in March, of Euro 2.7 million (the figure refers only to the specific risk of the HTCS book).

Tensions on financial markets due to COVID-19 outbreak in Europe as well as in the rest of the world since the end of February 2020 resulted in severe shocks and high volatility on both the stock and the bond markets.

Given the trend of financial markets, the change in the value of a financial asset or liabilities could have possible negative effects on the Issuer's and / or the Group's assets and economic, capital and / or financial situation.

Taking into account its specific business, the Issuer considers this risk of high importance.

The Issuer is exposed to "market risk", i.e. the risk that the value of a financial asset or liability may vary due to the trend of market factors, such as share prices, inflation, interest rates, exchange rates, commodity prices, and the related volatilities and correlations, or due to events that may impair the credit rating of the relative issuer. Market risk occurs both in relation to the trading book, which includes financial trading instruments and related derivative instruments, as well as in relation to the banking book, which includes all other financial assets and liabilities that are accounted differently from those included in the trading book.

The market risk relating to the trading book results from trading and market making activities in interest rate, exchange rate, equity or debt securities and commodity markets, while the market risk in the banking book is generally linked to changes in interest rates in the various reporting periods, as well as to the trend in the credit rating of the relative issuer. In addition, market risk generally includes settlement risk, deriving from transactions in securities, foreign exchange and/or commodities, as well as counterparty risk, i.e. the risk of counterparty default in derivative and forward and option contracts.

Market risks related exclusively to the trading book are measured using the "Value-at-Risk" (VaR). Given a portfolio of financial instruments, the VaR represents the maximum potential loss resulting from adverse movements in market parameters within a given time horizon (in this case, one day) and with a defined probability (in this case, 99%). The market parameters considered are mainly interest rates, exchange rates, credit spreads, prices of shares, indices and funds, their volatility and correlations.

With regard to the operational VaR of the trading book, it should be noted that the average value of the maximum potential loss on a daily basis for the entire 2020 financial year, with a confidence level of 99%, has been equal to Euro 2.9 million, higher than the Euro 2.2 million of 2019. An analysis of its composition, with reference to different factors, shows that the significant risk components are those relating to equity risk for positions in equity instruments, both derivative and cash, and those relating to specific risk on debt securities, due to the presence of positions on Italian financial and government securities.

The year 2020 has been characterized by a high volatility of financial markets, both the stocks market and the bonds market, due to COVID-19 outbreak which, especially in March 2020, caused important changes in market parameters on all risk classes, which impacted on the calculation of the VaR measure. The increase in this metric, starting from March 2020, is due to the strong stress recorded on financial markets and not to changes in the Bank's portfolio positions. As the management indicator is calculated as the greater of the

equally weighted VaR measure and the one calculated with the aforementioned decay factor, the metric in question has been particularly reactive to high market volatility.

As at 31 December 2020, the exposure (book value) to the Italian State included debt securities amounting to Euro 220.2 million (2.785% of total assets), including Euro 201.5 million of financial assets measured at fair value through other comprehensive income (2.584% of total assets).

As of 30 June 2021, the exposure (book value) to the Republic of Italy included debt securities amounting to Euro 571 million (6.414% of total assets), including Euro 200.9 million of financial assets measured at fair value through other comprehensive income (2.257% of total assets).

In this regard, for more detailed information, see paragraph "*Risks related to the exposure to sovereign debt*" below.

In relation to the calculation of the capital requirements, during 2019, authorisation was obtained from the supervision Authority to extend the internal model for market risks to exchange rate risk of the trading book. That authorisation was subject to the resolution of a specific Finding (Obligation 19) pointed out by the supervision Authority following the TRIM inspection (Target Review Internal Model). Starting from the resolution of that Finding, the exchange rate risk of the trading book has therefore been comprised within the risks of the internal model validated for the purposes of calculating the capital requirements.

During 2019, the request was submitted to the supervision Authority to extend the internal model for market risk to the specific risk of debt securities and to the exchange rate risk of the banking book.

In this respect, on 14 May 2019 (following a specific request to change the model submitted by the Parent Company on 30 April 2019) the "internal model investigation" IMI-2019-ITBPM-4145 was launched by the ECB with the objective of verifying, for Banco BPM and Banca Akros, the extension of the internal model for market risk to the exchange rate risk categories of the banking book and debt securities specific risk, with reference to the VaR, Stressed VaR and IRC. The on-site inspection phase was completed on 19 July 2019. Banco BPM received the final decision on 16 November 2020 (with relative authorization to use the new model) and on 16 December 2020 sent the corrective action plan, currently in progress; such action plan also includes the results of the supplementary decision sent by the ECB on December 2020 as a result of the further horizontal analysis carried out on the results of the previous TRIM inspection (Targeted Review of Internal Models) of 2018. Therefore, starting from the reporting date of 31 December 2020, the Banco BPM Group uses the extended model to calculate the market risk capital requirement. Such measure is then calculated on the basis of the VaR, Stressed VaR - including the debt securities specific risk - and the IRC. At the end of the first semester 2021, the IMA capital absorption, in respect of market risks, is equal to Euro 139 million (including the specific risk of debt securities).

Through the notifications received from the ECB with reference to the extension of the internal model (Final Decision 16/11/2020 - Internal Model Inspection 4145) and the transversal Trimix process (Final Decision 16/12/2020), the supervision Authority also eliminated the previous limitation referred to in the Final Decision of 14 March 2017 (Add-On of 1 on the multiplying factors for VaR and Stressed VaR) but introduced a new limitation relating to the calculation of the IRC by imposing an Add-On of 10% on a individual and consolidated basis until the resolution of some methodological findings, and replaced the qualitative multiplying factor applied to the VaR and Stressed VaR metrics in the calculation of the capital requirement, equal to 0.4, with the new factor equal to 0.75.

Although the supervision Authority, with the Final Decision of 16 November 2020, granted to the Banco BPM Group the authorization to extend the internal model to the debt securities specific risk of the trading book, the one relating to the exchange risk of the banking book is subject to a condition (and therefore it will be effective only upon the overcoming of some related obligations, after certification of the corporate control functions and of the supervision Authority itself). However, as at 31 December 2020 there was no exposure of Banca Akros'

banking book to the exchange risk. Such extension, based on the estimates made and communicated to the ECB in the Application Package relating to this request, could result in an increase in the Issuer's capital requirements.

The operational VaR of the trading book (i.e. the maximum potential loss from adverse movements of market parameters over a certain time horizon and with a defined probability) as at 31 December 2020 amounted to Euro 4.8 million (Euro 2.3 million as at 31 December 2019).

For the first semester of 2021, an average operational VAR of approximately Euro 3.2 million is reported. The reduction of the VAR is mainly due to the lower volatility of market parameters compared to what occurred following the pandemic in 2020 (in fact, the penalising scenarios in the March/April 2020 operational VaR calculation, referring to the outbreak of the COVID-19 pandemic, have been eliminated) and to a reduction in risk positions relating mainly to the bond asset class made necessary, as mentioned, following the extension of the internal model to the specific risk of debt securities, which led to an increase in the absorptions for the same the same level of positions held (with a consequent need for derisking to comply with RAF limits).

The value of the operational VaR of the Banca Akros banking book at the end of 2020 was equal to Euro 1.2 million (Euro 1 million at the end of 2019), with a maximum peak recorded in March, equal to Euro 2.7 million (the figure refers only to the specific risk of the HTCS book). In particular, the relevant risk component is the debt securities specific risk, which determines almost all of the metric. With regard to the specific risk of the HTCS book, the trend recorded during the 2020 financial year shows a strong increase starting from March due to the high volatility of the markets deriving from the COVID-19 outbreak (and consequent account of the dates of adverse scenario within the VaR metric), which was followed by a downsizing in subsequent quarters.

The banking securities book of the Issuer is a significant source of general interest rate risk and credit spread risk. Such book specifically includes bonds and a few stock securities (minor shareholdings).

At the end of the year, the total amount of bonds was approximately Euro 299 million in nominal value, divided into Euro 228 million of HTCS (Held To Collect and Sell) accounting category, 88% made up of Italian government bonds and 12% of corporate and financial bonds and Euro 71 million of HTC (Held To Collect) accounting category, 99% made up of Financial securities and 1% of corporate securities. The exposure to credit spread risk was approximately Euro -56 thousand, considering a shock of 1 basis point, divided equally between Italian Government bonds (credit spread sensitivity: approximately Euro -29 thousand) and the other securities that make up the portfolio.

At the end of the first semester of 2021, the total amount of bonds is approximately Euro 295 million (nominal amount), of which Euro 225 million in the HTCS (Held To Collect and Sell) accounting category, consisting almost entirely of Italian government bonds (Euro 200 million CCT 06/2022), and Euro 70 million in the HTC (Held To Collect) accounting category, consisting exclusively of bonds issued by Mediobanca.

The overall exposure to credit spread risk is approximately Euro -41,000, considering a shock of 1 basis point, equally divided between Italian government bonds and Italian financial securities.

Finally, it should be pointed out that the financial market tensions due to the COVID-19 outbreak in Europe and the rest of the world since the end of February 2020, led to strong shocks and high volatility on both the stock and bond markets. As at 31 March 2020, the Group's net financial result was adversely affected by the widespread decline of financial assets measured at fair value with an impact on the income statement. In March 2020 only, the updating of market prices led to the recognition of net capital losses.

As long as the time needed to overcome the crisis and the framework of the interventions to contain the effects is not fully outlined and known to the financial markets, a significant degree of volatility in the market prices of financial instruments is expected to persist and may be equally reflected in the volatility of the financial results that will be recorded by the Group.

For more detailed information, see Part E, Section 2 (Market Risk) of the Notes to the 2020 Financial Statements.

Credit Risk

The Issuer is exposed to traditional credit risks. Therefore, failure by customers or counterparties to comply with their contracts and obligations, as well as any lack or errors in assessing their financial position or creditworthiness, could have negative effects on the economic, equity and / or financial situation of the Issuer.

With reference to credit risk, the Issuer does not show particular expositions to individual issuers; thus with reference to concentration risk, it believes that such risk is of low importance, and evaluates the counterparty risk to be of medium importance.

The business, economic and financial solidity of the Issuer, depend, among other things, on its customers and on counterparties creditworthiness.

"Credit risk" is the risk that debtors of the Bank may not fulfil their obligations (including the repayment of bonds held in the various portfolios of the Bank) or that their credit rating may suffer a deterioration (such debtors include the counterparties of financial transactions involving OTC (over the counter) derivatives traded outside of regulated markets - even if, in that case, is more appropriate to refer to a counterparty risk, as specified below) or that the Issuer grants credit that it would not otherwise have granted, or would have granted upon different terms, on the basis of information that is untruthful, incomplete or inaccurate.

In this respect, it should be noted that the granting of loans to the clientele is a residual activity of the Issuer according to its business model.

Concentration risk

Closely connected with credit risk, concentration risk arises from the exposure to individual counterparties, groups of connected counterparties or counterparties in the same economic sector, or which carry out the same activity or belong to the same geographical area. The assessment of potential losses that the Issuer may incur as a result of a counterparty default in relation to individual credit exposure and the overall loan portfolio is an intrinsically uncertain activity that depends on many factors, including the trend in general economic conditions or those relating to specific sectors of production, changes in the rating of individual counterparties, structural and technological changes within debtor companies, deterioration in the competitive position of counterparties, potential bad management of entrusted companies or counterparties, increasing family indebtedness and other external factors such as legal and regulatory requirements.

Based on the new regulations, the "Large Exposure" are determined by reference to the book value of "exposures", rather than the weighted one. In addition, intragroup exposures (which, for the companies belonging to the supervisory banking group, have a weighting of zero percent) are now also considered among those exposures in separate financial statements. As at 31 December 2020, Bank's eligible capital coincides with the amount of Own Funds. From 2019 financial year, the reporting of Large Exposures was produced, applying the EBA Guidelines (EBA-GL-2017-15) on connected clients, limited to the alternative approach to central governments. In this respect, it should be noted that, as at 31 December 2020, there were 18 positions representing "Large Exposures" (22 positions as at 31 December 2019), with weighted values that exceed, individually, 10% of the Issuer's eligible capital. The total nominal amount of these positions as at 31 December 2020 was Euro 9,143 million (Euro 17,225 million as at 31 December 2019) and the corresponding weighted value was Euro 527 million (Euro 992 million as at 31 December 2019).

The main Groups reported as "large exposures" in accordance with the criteria without the Guidelines are:

- Group belonging to Banco BPM;

- London Stock Exchange Group PLC;
- the Ministry of Economics and Finance;
- the BNP Paribas SA Group.

Out of the remaining positions, 5 regard primary banking groups and one industrial.

In general, these parties (customers, counterparties, issuers of securities held in the Issuer's portfolios, etc.) may fail to fulfil their obligations towards the Issuer due to bankruptcy, debt restructuring, lack of liquidity, operational malfunctions or for other reasons. The failure of a major market participant, client or counterparty or even concerns about its default, may cause significant liquidity problems, losses or default by other institutions, which in turn may adversely affect the Issuer. In certain circumstances, the Issuer may also be subject to the risk that some of its claims towards third parties were not be due. In addition, a decrease in the creditworthiness of third parties, including sovereign States of which the Issuer holds securities, could result in losses and/or adversely affect the Issuer's ability to bind or otherwise use such securities for liquidity purposes. Therefore, a significant decrease in the creditworthiness of the Issuer's counterparties could have a negative impact on the Issuer's results. While in some cases the Issuer may require additional collateral from counterparties in financial trouble, disputes may arise regarding the amount of collateral that the Issuer is entitled to receive and the value of the assets covered by the collateral, the debtor may not be able to provide the collateral requested or, in other cases, collateral may not be provided at all. Default levels and disputes with counterparties on the assessment of collateral increase significantly during periods of market stress and illiquidity.

The Issuer's current and future operations are significantly affected by commercial and financial transactions with related parties.

Transactions with related parties for the financial year 2020 have been concluded mainly with the Parent Company Banco BPM and have concerned loans for Euro 175,550 thousand (23.58% of the item "Due from banks") (Euro 176,532 thousand in 2019) and "Financial assets held for trading" for a positive fair value of EUR 4,111,108 thousand (67.06% of the total of the item) (Euro 4,804,041 thousand in 2019) and other assets for Euro 12,576 thousand (16.98%) (Euro 5,783 thousand in 2019).

On the liabilities side, the Issuer has liabilities towards the Parent Company Banco BPM for Euro 721,021 thousand (57.31% of the item "Due to banks") (Euro 1,048,828 thousand in 2019) and "Financial liabilities held for trading" with the Parent Company for a negative value (fair value, relating to derivative contracts only) of Euro 89,361 thousand (1.87%) (Euro 126,799 thousand in 2019).

The income statement transactions show Interest income and Interest expenses to the Parent Company of Euro 59,678 thousand (71.68%) and Euro 476 thousand (4.74%), respectively (each of them Euro 59,419 thousand and Euro 3,315 thousand in 2019); "Administrative expense" (including "Personnel expenses" and "Other administrative expenses") charged by the Parent Company amount to Euro 54,833 thousand (57%) (Euro 52,364 thousand in 2019), while those charged to other companies of the Group amount to Euro 10 thousand (Euro 339 thousand in 2019).

Financial and commercial transactions with related parties refer to the Issuer's abnormal operations. With reference to the nature of non-financial transactions with companies of the Group, it should be noted that support and control activities, such as Information Technology, Operations, Administration and Control, Organization, Risk Management, HR, Audit e Compliance, Legal, are centralised within the Parent Company.

Counterparty risk in the context of transactions in derivative contracts

Counterparty risk is defined as the risk that the counterparty in a transaction defaults before the final settlement of the cash flows of said transaction (EU Regulation no. 575/2013). As regards this type of risk, for operating

purposes and to provide support for capital adequacy assessment processes (ICAAP process), Banca Akros uses internal methods to estimate exposures to the risk of possible default of counterparties in OTC derivative transactions whereas for Supervisory Reporting, it uses the standardised approach on the entire scope of reference (derivatives, repurchase agreements, securities lending and medium and long term loans).

These methods are mostly based on statistical-quantitative approaches, partially linked to the techniques used for VaR (Value at Risk) estimates, which assess the impact that market risk factors may have on the positive future market value of the overall derivatives portfolio.

In calculating exposure to counterparty risk, for Supervisory Reporting, the Issuer uses the standardised approach on the entire scope of reference (derivatives, repurchase agreements, securities lending and medium and long term loans).

Transactions in derivative contracts expose the Issuer to the risk that the counterparty to the derivative contracts is in breach of its obligations or becomes insolvent before the maturity of the relevant contract, when the Issuer still has a claim on that counterparty.

With reference to the type of business of the Issuer, which, among other things, trades in OTC derivatives, with the assumption of the risks associated with them, Issuer's exposure to counterparty risk in relation to positions taken in OTC derivatives is higher than its exposure to credit risk.

Exposure to counterparty risk is significantly mitigated with respect to market counterparties with which netting and guarantee agreements are in place through the provision of collateral (particularly in the form of ISDA contracts accompanied by specific Credit Support Annexes with daily settlement of the differentials).

In addition, the Issuer fulfilled its obligations under the EMIR (European Markets Infrastructure Regulation), which introduced, among other things, the obligation to centrally offset certain types of OTC derivative contracts in order to limit exposure to counterparty risk at the systemic level. The Issuer has contractual agreements in place with active counterparties, in accordance with the standards set out in the EMIR.

On 31 December 2020, the positions in financial derivative instruments held by Banca Akros had a positive total value (fair value) of Euro 1,537,436 thousand (Euro 1,621,078 thousand as at 31 December 2019) and a negative total value (fair value) of Euro 1,811,086 thousand (Euro 2,394,893 thousand as at 31 December 2019).

With reference to the derivative positions mentioned above, it should be noted that the positions in over-the-counter derivative contracts - for which the risk of default by the counterparty falls on the Issuer - assumed by the Issuer for trading purposes, show a positive total value (fair value) of Euro 1,489,860 thousand (Euro 1,596,924 thousand at 31 December 2019) and a negative total value (fair value) of Euro 1,769,774 thousand as at 31 December 2019 (Euro 2,363,524 thousand as at 31 December 2019), in both cases, they are valued on the basis of models using, to a significant extent, parameters that can be observed on the market or on the basis of prices drawn from independent sources.

For more detailed information on the valuation criteria for these positions in over-the-counter derivatives and their characteristics, see Part A.4 (Fair value disclosure) and Part E, Section 3 (Derivatives instruments and hedging policies) of the Notes to the 2020 Financial Statements.

For more detailed information on credit risk, see Part E, Section 1 (Credit Risk) of the Notes to the 2020 Financial Statements.

Liquidity Risk

In order to assess the liquidity profile of the Group, the principal indicators are: (i) the short-term indicator Liquidity Coverage Ratio (LCR) subject to a minimum regulatory requirement of 100 per cent as of 2018 and

which as at 31 December 2020 was equal to 191%; (ii) the 12-month structural liquidity indicator Net Stable Funding Ratio (NSFR) which as at 31 December 2020 is greater than 100%; and (iii) Loan to Deposit Ratio (LTD), which corresponds to the ratio between Net loans and Direct funding and as at 31 December 2020 was equal to 93.5%.

As at 30 June 2021, (i) the Liquidity Coverage Ratio is 216%, (ii) the Net Stable Funding Ratio is greater than 100% and (iii) the Loan to Deposit Ratio is equal to 91.0%.

Any negative development of the market situation and the general economic context and/or creditworthiness of the Issuer and / or the Group, possibly accompanied by the need to adapt the liquidity situation of the Bank to the regulatory requirements updated from time to time in implementation of the applicable supervisory legislation, may have negative effects on the activities and the economic, equity and/or financial situation of the Issuer and the Group.

The Issuer evaluates that the liquidity risk is covered by the available liquidity reserves and therefore it believes that such risk is of low importance.

Liquidity risk means the risk that the Group is not able to meet its payment commitments, which are certain or envisaged with reasonable certainty. Usually, two types of Liquidity Risk are identified:

- Liquidity and Funding Risk, namely the risk that the Group is not able, in the short term (liquidity) and long term (funding), to meet its payment commitments and its obligations in an efficient manner due to the inability to obtain funds without prejudicing its core business activities and/or its financial situation;
- Market Liquidity Risk, namely the risk that the Group is not able to liquidate an asset, without generating losses in the capital account due to the poor depth of the reference market and/or due to the timing required to conduct the transaction.

The Issuer's liquidity could be compromised by the temporary inability to receive funds from clients, external counterparties or from the Group to which it belongs, by the inability to distribute liabilities and / or sell certain assets or redeem own investments, as well as by unexpected outflows of cash or by the obligation to provide more guarantees. This may be due to circumstances beyond the Issuer's control, such as a general market disruption or an operational problem affecting the Issuer or the Group or third parties, or from the perception among market participants that the Issuer or the Group or other market participants are facing a higher liquidity risk. The liquidity crisis and the loss of confidence in financial institutions may increase the Issuer's funding costs and limit its access to some of its traditional sources of liquidity and/or limit the disinvestment of its assets with related potential insolvency risks.

Examples of liquidity risk are the failure of a major market participant, or even concerns of default on the part of the market participant, which could cause significant liquidity problems, losses or failures on the part of other banking or financial institutions, which in turn could adversely affect the Issuer or the Group, or a decrease in the creditworthiness of third parties in which the Issuer holds securities, which could result in losses and/or adversely affect the Issuer's ability to bind or otherwise use such securities for liquidity funding purposes.

Liquidity risk is managed and monitored as part of the Internal Liquidity Adequacy Assessment Process (ILAAP), which is the process the Group uses to identify, measure, monitor, mitigate and report the Liquidity risk profile of the Group.

With reference to the statutory reporting obligations, it is important to emphasise the decision authorising derogation from the individual liquidity requirements for Bank BPM, Banca Akros and Banca Aletti, as of 31.01.2019, by the Supervisory Authority. The Group companies under supervision will therefore be treated and supervised as a single "liquidity group". The aforementioned derogation concerning liquidity requirements

on an individual basis does not change the management approach for the liquidity risk control activities in relation to the regulatory requirements, which continues to be performed by the Group Liquidity Risk of each of the companies at the Group level, ensuring the monitoring and compliance with any limits defined in the Risk Appetite Framework (RAF).

As part of the centralised system of liquidity governance, in addition to continuously monitoring the liquidity of Banca Akros, the Group defined specific risk indicators for Banca Akros, with related Risk Appetite limits which were always complied with during the first semester of 2021.

In particular, those specific risk indicators aim to monitor the impact of Banca Akros operations on Group liquidity indicators, with specific reference to the LCR and the NSFR.

In order to assess the liquidity profile of the Group, the following principal indicators are also used:

- the short-term indicator Liquidity Coverage Ratio (**LCR**), which expresses the ratio between the amount of available assets readily monetizable (high quality liquidity assets) and the net cash imbalance accumulated over a 30-day stress period calculated applying the stress scenario provided by the applicable legislation. As of 2018, the indicator is subject to a minimum regulatory requirement of 100% and as at 31 December 2020 is equal to 191% whereas as at 30 June 2021 is equal to 216% ;
- the 12-month structural liquidity indicator Net Stable Funding Ratio (**NSFR**), which corresponds to the ratio between the available amount of stable funding and the required amount of stable funding. As at 31 December 2020 and as at 30 June 2021, the indicator is greater than 100% ;
- Loan to Deposit Ratio (**LTD**), which corresponds to the ratio between Net loans and Direct funding. The indicator is equal to 93.50% as at 31 December 2020 and is equal to 91.0% as at 30 June 2021.

The liquidity risk control function - in line with the risk Governance model of Banco BPM Group - is outsourced to the Parent Company's Risk Management function, which is responsible for identifying and measuring the Issuer's liquidity risk. This activity is supported by a specific Service Level Agreement. Moreover, to ensure the continuity and correct performance of liquidity risk measurement activities, the Issuer also created the function of "Risk Management Controller".

For more detailed information, see Part E, Section 4 (Liquidity Risk) of the Notes to the 2019 Financial Statements.

Risks related to the exposure to sovereign debt

As at 31 December 2020, the Issuer's exposure to sovereign States amounted, in terms of book values, to a total of Euro 220.2 million and represents 2.785% of total assets and 3.466% of total financial activities. The exposure (book values) to the Italian government included debt securities for Euro 220.19 million at 31 December 2020 and represents 2.785% of total assets and 3.465% of total financial activities.

As at 30 June 2021, the Issuer's exposure to sovereign States amounted to a total of Euro 600 million and represents 6.74% of total assets and 8.76% of total financial activities. The exposure (book values) to the Italian government included debt securities for Euro 571 million as at 30 June 2021 and represents 6.414% of total assets and 8.338% of total financial activities. At the same date, investments in sovereign debt securities to other EU and non-EU countries included debt securities for Euro 29 million.

The persistence of tensions over Government bond market or its volatility, also following the effects of the spread of the COVID-19, could adversely affect the business and/or financial situation Group and/or the Issuer.

The sovereign debt crisis affected market trends and economic policy choices in many European countries. The Issuer is exposed to sovereign debt towards governments, and mainly to the Republic of Italy.

The worsening of the sovereign debt and particularly of the Italian debt, could adversely affect the Issuer's and / or the Group business and/or financial situation or operating results. Furthermore, a downgrade in the rating of the Italian Republic may increase the so-called "valuation haircuts or margins", with negative consequences on the Group's liquidity and economic and financial impacts.

As at 31 December 2020, the Issuer's exposure to Sovereign States amounted, in terms of book values, to a total of Euro 220.2 million (compared to Euro 787.1 million as at 31 December 2019) and represented 2.785% of total assets and 3.466% of total financial activities as at 31 December 2020 (for the definition see item 20 and 30 of the financial statements). In particular, the exposure to Sovereign States consists almost entirely of securities issued by the Italian State. In detail, as at 31 December 2020, the exposure (book value) to the Italian government included debt securities for Euro 220.19 million and represents 2.785% of total assets and 3.465% of total financial activities; as at the same date, investments in sovereign debt securities to other EU and non-EU countries included debt securities for Euro 12 thousand.

For more detailed information, see Part B of the Notes to the 2020 Financial Statements.

Climate and environmental risks

The Group may be exposed to risks related to "Climate change & ESG (Environment, Social and Governance)" issues, which may involve prudential risks, e.g. related to sustainable development for credit and finance and the optimisation of human capital of the Group and the Issuer.

The Issuer considers climate and environmental risks to be of medium - low relevance.

As part of the Risk Identification process carried out in 2020, the Group identified the issues relating to "Climate change & ESG (Environment, Social and Governance)" as a specific risk factor to which it could be exposed in the considered time horizon. Said issues are seen as the risk drivers underlying prudential risks, for example related to sustainable development in terms of credit and finance and the optimisation of human capital of the Group, and have shown an increase in terms of both the likelihood of their occurrence and their impact with respect to last year. To this end, the Group's risk management has begun an internal assessment process with respect to the current ESG regulatory requirements and consultation procedure, first of all with regard to the "Guide on climate-related and environmental risks" the final version of which was published by the ECB in November 2020.

In the ESG sphere, it should also be noted that the integration of ESG requests in the business model of the Group is achieved, in particular, by the activities arranged into seven projects areas that were launched in February 2021. In these areas, a total of 32 projects have been defined which are in the process of being implemented, involving 12 units and more than 50 staff members. The activities which will be developed within the framework set out under the Parent Company's 2021 – 2024 Business Plan are based on already established and consolidated foundations: first and foremost, at the governance level, thanks to the creation of controls at the board level, with the direct responsibility of the Board of Directors and the central role of the Internal Control, Risk and Sustainability Committee, that can rely on a reference advisor for ESG issues; at the management level with the ESG Committee chaired by the CEO and the Sustainability Department. In addition, specific targets are defined in the incentive plans, both long and short-term, of the CEO and top managers.

Operational risks

The Issuer is exposed to many types of operational risks, including the risk of fraud from employees and other third parties, the risk of non-authorized transactions from employees and the risk of operating errors which may result from the purchase and sale of securities and derivative financial instruments and those resulting from inadequacies or failures in information, information technology ("IT") or telecommunications systems; specifically, with regard to the migration of the same information systems, as described below. Operational risk management systems and methods are designed to ensure that the risks connected with the activities of the

Issuer are monitored as far as possible.

If any of policies and internal procedure of risks control used by the Issuer fail or have other significant shortcomings, the Issuer's financial condition, results and services offered to customers, could be materially adversely affected.

The Issuer considers such risk to be of medium - low relevance.

Operational risk is defined as the risk of losses suffered as a result of inadequacy or malfunction of procedures, human resources and internal systems, or from external events and inherent in the activities of the Issuer. Losses resulting from fraud, human error, interruption of operations, non-availability of systems, contractual breaches, natural disasters and the impact of a pandemic that can cause the absence of operational continuity are included in this type of risk. Operational risk also encompasses legal risk, while strategic and reputational risks are not included.

It should be noted that on September 2018, the IT systems used by Banca Akros have been migrated to the Group's IT infrastructure.

The operational risk (including legal and tax risk) and the reputational risk that is typically associated with Investment Banking, structuring of financial products, marketing of structured products and hedging activities and in the brokerage and research of shares activity is present throughout the industry, due to contractual issues, pricing and management of structured payoff, instances of transparency and potential conflicts of interest.

Regarding the sources of operational risk, an analysis was conducted with reference to the company's operational risk events, with a gross loss equal to or greater than Euro 200 (minimum materiality threshold) and with a reporting date of 1 January 2010 or later.

It is emerged that the main event categories in terms of impact relate to:

- commercial practices, with losses resulting from failures to meet professional obligations towards customers or from the nature or characteristics of the product or service provided;
- processes, with losses due to shortcomings in the settlement of transactions or in process management, as well as losses due to relations with commercial counterparties, sales agents and suppliers.

Banca Akros also highlighted the risk factors relating to maintaining a high quality of human capital (attraction and retention policies) and cybercrime. With reference to cyber risk, the Group confirmed the level of exposure to cyber attacks, for which there has been an increase in the probability of occurrence exacerbated by the current context, as the pandemic has had a significant impact on the timing of digital transformation. In this regard, during 2020, the Group continued to strengthen its cyber security oversight, in line with the requirements of the supervisory authorities, and launched a project initiative, with the aim of evolving the methodological framework for managing cyber risk and strengthening the effectiveness of the mitigation of this type of risk. The Group also continued to strengthen the digital operations of its customers as part of its "Digital and Omnichannel Transformation" programme. During the first quarter of 2021, in particular, it is highlighted the development of new Apps, new functions of online services, the enabling of all branches to the activation of the so-called Digital Identity, the provision of remote solutions in the field of financial advice, the ongoing development of the so-called omnichannel sales.

As at the date of approval of this Base Prospectus, the Issuer has procedures in place to mitigate and monitor operational risks in order to limit the adverse consequences arising from such risks. However, such procedures adopted by the Issuer may prove to be inadequate to deal with the risks that may arise, also as a result of unforeseeable events wholly or partly beyond the Issuer's control.

For more detailed information, see Part E, Section 5 (Operational Risks) of the Notes to the 2020 Financial Statements.

A.3) Risks related to the legal and regulatory framework

Risk related to regulatory changes in the banking sector and to the changes of the banking resolution regulation

The Issuer is subject to specific national and European regulations relating to the sector where the Issuer operates.

In particular, the Issuer, as a member of the Banco BPM Group, is subject to strict and detailed regulation, as well as to the supervisory activity, exercised on a consolidated basis by the European Central Bank and the Bank of Italy. Therefore, it is required to comply at any moment with the laws and regulations in force at the time.

In addition to supranational and national regulations (and those of a primary or regulatory nature) governing financial and banking sectors, the Issuer is subject to specific regulations on, among other things, money laundering, usury and customer (consumer) protection and transparency (see Directive 2014/65/EU "MiFID II").

Any potential changes relating to the interpretation and / or application of such provisions by the competent authorities could lead to additional charges and obligations for the Issuer with potential negative impacts on the operating results and economic, equity and financial position of the Issuer.

Regulations governing banks - applicable to the Issuer - regulate the sectors in which credit institutions may operate with the aim to preserve their stability by limiting their risks exposure.

The deep and prolonged crisis of the markets obliged international authorities to adopt new and stricter rules which - in a prospective view - might negatively affect the Bank's business, leading to an increase of operating costs and/or causing negative effects on the economic and financial situation of the Bank.

Capital Adequacy requirements

As at 31 December 2020, capitalisation levels and solvency ratios remained adequate: Own Funds for Regulatory purposes, net of "deductions", amounted to Euro 696.7 million, risk-weighted assets amounted to Euro 2.848 million, the Common Equity Tier 1 ratio was 24.46% (28.57% as at 31 December 2019) and the leverage ratio was 23.62% (13.53% as at 31 December 2019). The reduction in the Common Equity Tier 1 ratio compared to the previous year's values is mainly due to the increase in risk-weighted assets, attributable to market risk, whose increase derives mainly from the extension of the internal model to the specific risk of debt securities. The increase in the leverage ratio derives from the double effect of the reduction in deductions from Own Funds (specifically relating to the portion deriving from net long positions on equity instruments of financial issuers), as well as the reduction of Total Exposures (mainly in the trading portfolio).

As at 30 June 2021, capitalisation levels and solvency ratios remained adequate: Own Funds for Regulatory purposes, net of "deductions", amounted to Euro 639.1 million, risk-weighted assets amounted to Euro 3,067.6 million, the Common Equity Tier 1 ratio is equal to 20.83% and the leverage ratio is equal to 11.47%, both higher than the regulatory limits.

The Bank ensures constant monitoring, including from a forward-looking perspective, of the adequacy of capital levels in relation to the needs of the business conducted. As mentioned, with specific reference to the planned measures that regard the extension of the internal model for market risk, which from 31 December 2020 also includes the specific risk component on the position in debt securities, including the "I.R.C."

(Incremental Risk Charge), the Bank carried out a preventive and gradual reduction of its debt securities exposure in order to mitigate the impact on its Group's regulatory risk indicators. In 2020, an interdisciplinary project was also launched with the aim of finding governance, IT and organisational solutions to make Banca Akros and Banco BPM Group ready to implement the introduction of the new regulations on the market risk and counterparty risk capital requirements (the Fundamental Review of the Trading Book). Among other things, in addition to increasing the absorption of regulatory capital for trading and market making activities, on the various segments of the Bank's business that generate market risk, these regulations will require at the Group level to significantly strengthen and improve the efficiency of the systems used to calculate VAR, the internal model and the standard model. It should also be noted that Banca Akros is subject to SREP as part of the broader process involving the Parent Company. In this regard, it should be noted that on 11 December 2019 the ECB notified Banco BPM of its final decision regarding the minimum capital ratios that Banco BPM is required to comply with on an ongoing basis starting from the 2020 financial year.

However, it should be noted that, in a letter dated 8 April 2020, following the health emergency linked to COVID-19, ECB established that the SREP requirement of 2.25% must be maintained by Banco BPM as 56.25% as Common Equity Tier 1 (CET1) and 75% as Tier 1 Capital (Tier 1).

In the same letter, ECB also communicated to the banks it supervises individual SREP targets with reference to the stock of impaired exposures held as at 31 March 2018.

The provisions of Regulation (EU) 630/2019 (which amends Regulation (EU) no. 575/2013 with regard to the minimum coverage of losses on impaired exposures (so-called CRR II)) and the addendum to the ECB guidelines of 15 March 2018 on non-performing loans, could entail the risk of an increase of Pillar 2 requirements as part of the Supervisory Review and Evaluation Process conducted by the Supervisory Authorities.

On 17 November 2020, Banco BPM announced that EBC, taking into account the general situation related to the COVID-19 pandemic, confirmed that it will not issue any SREP decisions in 2020. The capital requirement of 2.25% to be held in addition to the minimum requirement and the capital conservation buffer is therefore confirmed for 2021.

Furthermore, since the Parent Company is an Other Systemically Important Institution (O-SII) authorised in Italy for 2020, it is required to gradually reach an O-SII buffer of 0.25% of its total risk-weighted exposures. The Group will be required to achieve this reserve level in increments from 1 January 2019 to 1 January 2022. For 2021, the O-SII reserve is equal to 0.19% of total risk-weighted exposures.

Taking into account that the O-SII reserve for 2021 is equal to 0.19% of total risk-weighted exposures, the minimum consolidated requirements that Banco BPM is required to meet for 2021¹ and until further notice are the following:

- CET1 ratio: 8.459% phased in and 8.519% fully phased;
- Tier 1 ratio: 10.381% phased in and 10.441% fully phased;
- Total Capital ratio: 12.943% phased in and 13.003% fully phased.

In this regard, the ECB has not required Banca Akros to comply with additional or specific capital ratios compared to those required by Basel III (as implemented by Directive 2013/36/EU, so-called CRD IV and Regulation 575/2013, so-called CRR) for 2019.

¹ Capital requirements as at 30 June 2021.

At 30 June 2021², Banco BPM CET 1 ratio is equal to 14.07%, the Tier 1 Capital ratio is 15.78% and the Total Capital ratio is 18.78%.

At 31 December 2020³, the CET 1 ratio was 14.63%, the Tier 1 Capital ratio was 15.85% and the Total Capital ratio was 18.75%. Should the Group's ratios fall below the minimum requirements outlined above, the Issuer's ability to distribute dividends and pay the variable portion of remuneration to its employees would be limited.

With reference to the possibility of distributing dividends, it should be noted that Recommendation ECB/2020/62, adopted on 15 December 2020, recommends, *inter alia*, that until 30 September 2021 banks exercise the utmost prudence in adopting such decisions.

In this regard, it should be noted that on 15 April 2021, the ordinary shareholders' meeting of the Parent Company resolved to distribute to shareholders a total dividend of Euro 90,910,927.56, equal to Euro 0.06 for each of the 1,515,182,126 ordinary shares.

Also with regard to the outbreak of COVID-19 in Europe and its impact on the economy, it should be noted that ECB and EBA have adopted a number of measures in order to ensure that banks continue to finance the real economy, allowing them to absorb the effects of any temporary shocks. In particular, on 12 March 2020 ECB announced that banks are allowed to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G), the Capital Conservation Buffer (CCB) and the Liquidity Coverage Ratio (LCR). Banks may also partially use capital instruments that do not qualify as CET1, such as Additional Tier 1 or Tier 2 instruments, to meet Pillar 2 requirements (P2R).

The Issuer must comply with the complex system of rules and regulations. The development of the regulations and/or changes in the methods of interpretation and/or application of the same by the competent authorities could give rise to new charges and obligations for the Issuer.

Risk related to the ordinary and extraordinary contribution obligations to the Single Resolution Fund and the Interbank Deposit Guarantee Fund (mandatory scheme and voluntary scheme)

The Issuer is obliged to provide the financial resources necessary for the financing of the Interbank Deposit Guarantee Fund and the National Resolution Fund (merged into the Single Resolution Fund starting from 2016). The ordinary contribution to the Interbank Deposit Guarantee Fund for 2020 amounted to Euro 23 thousand, the ordinary contribution to the Single Resolution Fund for 2020 amounted to Euro 3,261 thousand and in June 2020, the Bank of Italy called in additional contributions to the National Resolution Fund for Euro 1,030 thousand.

These contributory obligations contribute to reducing the Issuer's profitability and adversely affect the level of the Issuer's financial resources.

Following transposition into the national legislation of Directives 2014/49/EU (Deposit Guarantee Schemes Directive –“**DGSD**”) of 16 April 2014 and 2014/59/EU (Bank Recovery and Resolution Directive – “**BRRD**”) of 15 May 2014, starting from financial year 2015, credit institutions are obliged to provide the financial resources necessary for the financing of the Interbank Deposit Guarantee Fund and the National Resolution Fund (merged into the Single Resolution Fund starting from 2016), through payment of ex ante ordinary contributions to be paid annually, until a certain target level is reached. If the available financial resources of the Interbank Deposit Guarantee Fund and/or of the Single Resolution Fund are insufficient, respectively to guarantee reimbursement to protected depositors or to fund the resolution, it is envisaged that the credit institutions must then make extraordinary contributions.

² *Proforma* consolidated ratios calculated by including the result for the first half of 2021 and deducting the amount assumed as dividend pay-out on that result.

³ Ratios calculated including the profit for the year 2020 and deducting the amount that the Board of Directors has decided to submit to the Shareholders' Meeting as dividend.

The ordinary contribution to the Single Resolution Fund for 2020 amounted to Euro 3,261 thousand (the ordinary contribution was Euro 1,033 thousand in 2019). In this regard, please note that in 2020, as in the previous year, Banca Akros did not avail itself of the option of fulfilling the request by entering into an Irrevocable Payment Commitment (IPC). The ordinary contribution to the Interbank Deposit Guarantee Fund, indicated in the income statement for 2020, amounted to Euro 23 thousand (the contribution requested for 2019 was Euro 16 thousand).

Lastly, it is noted that in June 2020, the Bank of Italy called in additional contributions to the National Resolution Fund for Euro 1,030 thousand (in 2019, additional contributions of Euro 378 thousand were requested), to cover the financial requirements connected with the resolution measures carried out prior to the launch of the National Resolution Fund.

Finally, it should be noted that the pandemic led to a significant increase in the financial resources that customers decided to keep in current accounts and savings deposits. This phenomenon affected the entire banking system and was reflected in an increase in the minimum financial endowment levels of both the Single Resolution Fund and the Interbank Deposit Protection Fund. This has led to a consequent increase in the *ex-ante* contribution levels of banks required in order to reach the above-mentioned minimum financial requirements.

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

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

Risks connected to the complexity of Certificates

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

It is therefore necessary that each investor concludes transactions involving such financial instruments only after having understood their nature and the degree of risk exposure Certificates involved, either through reading Base Prospectus and Final Terms and through the assistance of financial intermediaries, pursuant to Consob communication no. 0097996 of 22 December 2014 regarding the distribution of complex financial products to retail clients.

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

Risk of loss of the capital invested

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

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

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

Risk of Constant Leverage Certificates

Constant Leverage Certificates involve the use of a number of financial techniques to increase the exposure to an Underlying and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the Underlying moves in the anticipated direction, it will conversely magnify losses when the Underlying moves against expectations. Investors should carefully consider that these Certificates will involve a higher level of risk, and that whenever there are losses such losses may be higher than those of a similar security which is not leveraged. Investors should therefore only invest in leveraged Certificates if they fully understand the effects of leverage.

Risk related to the Barrier Event

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

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

Exchange risk related to the Settlement Currency of the Certificates

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

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

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

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

Exchange risk related to the absence of a Quanto feature

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

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

Risk related to a participation factor

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

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

Risk related to the application of a cap

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

Risk related to the application of the Strike Level

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

Risk that the Digital Coupons will not be paid

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

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

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

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

Risk that the Performance Coupons will not be paid

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

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

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

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

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

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

Risk related to the occurrence of an Early Redemption Event

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

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

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

Price risk

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

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

Even if the price of the Underlying performs favourably during the life of the Certificates, there may be a decrease in the value of the Certificates due to other factors affecting the value of the options comprising them. If applicable, if the Barrier Event occurs, the investor shall consider that it would be directly exposed to changes in the value of the Underlying. In this case it is possible that negative effects on the price of the Certificates will occur.

Risks related to the sale of the Certificates before maturity

If the investor intends to sell the Certificates before maturity, the selling price will be affected by several factors, including:

- the absence of liquid market in which the Certificates are traded ("*Liquidity Risk*");
- the fluctuation of the value of the single options composing the Certificate ("*Price Risk*"); and
- the commissions and costs embedded in the Certificates ("*Risk related to the impact of commissions and cost embedded in or, in addition to, the Issue Price / Nominal Value of the Certificates*" and "*Risk related to the exercise or trading fees*").

These elements may reduce the market price of the Certificates, even below the Issue Price.

Risk connected to the deterioration of the creditworthiness of the Issuer

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

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

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

Risk associated with the use of bail-in

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

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

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

bear them after the shareholders, provided that no creditor suffers greater losses than if the bank had been liquidated under ordinary insolvency proceedings.

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

Credit risk for the investor

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

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

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

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

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

Risk related to the absence of guarantees concerning the Certificates

The payment of the all the amounts due under the Certificates is guaranteed only by the assets of the Issuer. Certificates do not benefit from any real or personal guarantees from third parties and are not supported by the Interbank Deposit Protection Fund nor by the National Guarantee Fund.

Banco BPM S.p.A., the parent company of the Group of the Issuer, does not guarantee the payments under the Certificates.

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

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

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

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

In particular, dividend equivalents consist of (i) payments of substitute dividends made on the basis of a securities loan or repurchase agreement that is (directly or indirectly) subordinate to, or determined by reference to, the payment of dividends from sources located in the United States of America, (ii) payments made under a specified notional principal contract which (directly or indirectly) is subordinate to, or determined by reference to, the payment of dividends from sources located in the United States of America, and (iii) any other payment to be determined in accordance with the IRS as substantially similar to a payment described in (i) and (ii). Starting from 1 January 2017, the regulations of the U.S. Treasury extend the scope of the withholding tax under Section 871(m).

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

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

The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made two years after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment", or later. This withholding would potentially apply to payments in respect of (i) any Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date" which (A) with respect to Securities that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the Code as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

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

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

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Securities should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Securities.

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

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "IGA"), which entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

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

Risk related to a potential change of law

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

Risk of absence of rating

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

B.2) Risks related to the Underlyings

Risk related to the Underlying value

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

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

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

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

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

- (i) if the Underlying is an Index, investors should consider that such Index may be a well-known and widely published index or an index which may not be widely published or available. The Index may reference, *inter alia*, equities, bonds, currency exchange rates, or other securities or it may be a property index referencing certain property price data which will be subject to market price fluctuations, or reference a number of different assets or indices. The Index used as Underlying may fall within the application of the Benchmark Regulation. In this respect, see also the risk "*Adjustment risk arising from significant events relating to the Underlying*";
- (ii) if the Underlying is a Share, investors should consider that an investment in Certificates with Share as Underlying may bear similar market risks to a direct equity investment and investors should take advice accordingly. In the case of Certificates with Share as Underlying, no issuer of the underlying shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Certificates, and none of the Issuer or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Certificates. Investors will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Certificates relate;
- (iii) if the Underlying is an Exchange Rate, investors should consider that an investment in Certificates with Exchange Rate as Underlying may bear similar market risks to a direct investment in the exchange rate, and investors should take advice accordingly. Fluctuations in exchange rates will affect the value of the Certificates. Exchange Rates may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency, regardless of other market forces. Investors risk losing their entire investment if exchange rates do not move in the anticipated direction;
- (iv) if the Underlying is a Future, investors should consider that an investment in Certificates with Futures as Underlying may bear similar market risks to a direct futures contract investment, and investors should take advice accordingly. Financial futures contracts are standardised futures transactions that are linked to financial instruments (e.g. stocks, bonds, indices, interest rates and foreign currencies). Commodity futures contracts are standardized futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals). Generally, there is a strong correlation between the price development of an underlying financial instrument or commodity on the spot market and the corresponding futures exchange. However, the price of a futures contract will generally be traded at a premium on, or discount from, the spot price of the underlying. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g. in the case of commodities, warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the underlying, there can be significant differences in the liquidity of the spot and the futures markets. Investment in futures contracts involves certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain exchanges limit fluctuations in such futures contract prices pursuant to "daily limits". Once the price of a

particular futures contract has increased or decreased by an amount equal to the daily limit, contracts can neither be bought nor sold unless holders are willing to trade at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Such losses could have an adverse effect on the return of Certificates linked to the affected futures contracts. Any illiquidity disruption or force majeure event (such as an act of God, fire, flood, severe weather conditions, act of governmental authority or a labour dispute or shortage) is likely to have an adverse effect on the value of or trading in the underlying or futures contracts on such underlying and adversely affect the value of the Certificates. Where the Certificates are linked to the exchange price of a futures contract, knowledge of the market of the underlying to which the futures contract is linked as well as of the functioning and evaluation factors of futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Certificates;

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

price of the ETF and the actual value of the ETF-Benchmark cannot be ruled out. In contrast to other funds ETFs are generally not actively managed. Instead, investment decisions are predetermined by the relevant ETF-Benchmark and its constituent assets. A negative performance of the ETF-Benchmark usually results in a decline of the ETF's net asset value and the unit price determined on the relevant exchange. Moreover, the replication of a ETF-Benchmark typically entails additional risks such as the risk that some ETF-Benchmark constituents may be illiquid or the credit risk relating to swap counterparties; in particular, ETFs using derivatives to replicate or hedge positions may incur disproportionately high losses in the case of an unexpected negative performance by the ETF-Benchmark due to the leverage effect. There can be no guarantee in the case of ETFs that an admission to trading or quotation can be maintained at all times. The unit price of an ETF is composed of the total value of all the securities in its portfolio, less any liabilities, i.e. the net asset value. A decline in the unit price or value of the fund's securities or other investments while replicating the performance of a ETF-Benchmark will result in losses for the fund and the fund units. Even a wide spread of investments and broad diversification cannot exclude the risk of a decline in the unit prices due to the negative development of particular markets. The unit price of an ETF is determined on the basis of supply and demand. This unit price may differ from the final net asset value published by the investment fund. Divergences may therefore arise between the unit price and the actual net asset value during trading hours.

Correlation risk

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

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

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

Risk related to the absence of interests / dividends

The Certificates do not entitle the Securityholder to receive the securities or other underlying assets, but only the right to receive, upon exercise, the payment of the Settlement Amount.

Likewise, the Certificates do not entitle the Securityholder to receive interest or dividends and therefore do not provide any yield. Therefore, any losses in the value of the Certificates cannot be compensated against other profits arising from such financial instruments.

Adjustment risk arising from significant events relating to the Underlying

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

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

Certificates, as determined by the Calculation Agent, acting in good faith and in accordance with the market practice, on the basis of any relevant information and/or elements.

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

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

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

Risk related to the absence of post-issuance information

If so specified in the applicable Final Terms, the Issuer shall not provide, after the Issue Date, any information regarding the performance of the Underlying.

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

Liquidity risk

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

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

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

If so specified in the applicable Final Terms, the Issuer may also undertake, or reserves the right, to unconditionally repurchase, in the context of trading on its own-account, part of all the Certificates.

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

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

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

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

Risk related to the exercise or trading fees

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

Risk related to potential conflicts of interest

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

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

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

Risk related to the withdrawal of the Offer

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

1. The unaudited company interim financial statements for the six months ending 30 June 2021 (available at https://www.bancaakros.it/media/RFS_Akros_UK_2021_WEB-NEW.pdf):

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2. The audited company financial statements for the financial year ending 31 December 2020 (available at https://www.bancaakros.it/media/Annual-Report_2020_Banca-Akros_WEB_NEW.pdf):

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3. The audited company financial statements for the financial year ending 31 December 2019 (available at https://www.bancaakros.it/media/Annual-Report_2019_Banca-Akros_WEB-NEW.pdf):

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

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Issuing and Paying Agent for the time being in Luxembourg. This Base Prospectus is available on the official website of the Issuer at www.bancaakros.it/en and on the official website of the Luxembourg Stock Exchange at www.bourse.lu and all documents incorporated by reference herein are available on the official website of the Issuer at www.bancaakros.it/en, and on the official website of the Luxembourg Stock Exchange at www.bourse.lu.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus, which supplement will be approved by the CSSF in accordance with the Luxembourg applicable laws and regulations, or publish a new base prospectus for use in connection with any subsequent issue of Securities. Any supplement to this Base Prospectus will be published on the official website of the Issuer at www.bancaakros.it/en and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

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

TERMS AND CONDITIONS OF THE SECURITIES

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

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

The Securities (other than Italian Dematerialised Securities) are issued pursuant to an Agency Agreement dated on or about 13 December 2021 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between the Issuer and BNP Paribas Securities Services, Luxembourg Branch, acting as issuing and paying agent⁴ (the "**Issuing and Paying Agent**", which expression shall include any successor agent and, together with any additional agents appointed pursuant to the Agency Agreement) and as Luxembourg listing agent (the "**Luxembourg Listing Agent**", which expression shall include any additional or successor agents).

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

The paying agent role in relation to Italian Dematerialised Securities will be performed by BNP Paribas Securities Services, Milan Branch.

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

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

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

⁴ BNP Paribas Securities Services Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

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

1. FORM, TITLE AND TRANSFER

1.1 Form

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

Global Form

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

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

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

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

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

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

Italian Dematerialised Securities

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

1.2 Title

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

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

1.3 Transfers

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

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

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

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

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

2. STATUS OF THE SECURITIES

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

3. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) in case of Reverse Bonus Certificates:

- (i) the product between the difference (200% - Bonus) and the Underlying Initial Value, or
- (ii) a predetermined value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Exchange Business Day" means:

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

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

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

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

"Exchange Rate" means either:

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

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

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

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

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

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

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

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

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

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

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

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

"Issuer" means Banca Akros S.p.A., with its registered office at Viale Eginardo 29, Milan.

"Issuing and Paying Agent" means BNP Paribas Securities Services, Luxembourg Branch.

"Italian Bail-in Power" means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to (i) the transposition of the BRRD (in including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time; and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (or other Affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

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

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

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

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

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

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

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

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

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

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

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

"Lock-in Coupon Event I-th" means the event that occurs when the Calculation Agent determines that the Underlying Value is equal to, higher than or lower than the Lock-in Coupon Level I-th on the relevant Lock-in Coupon Valuation Period I-th. If the Lock-in Coupon Event I-th occurs, on all Digital Payment Date(s) i-th, with $i > 1$, will be paid the Lock-In Coupon Amount I-th instead of the Digital Amount whatever the value of the Underlying.

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

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

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

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

"**Long Underlying**" means, in relation to Equity Protection Alpha Certificates, the Underlying A.

"**Luxembourg Listing Agent**" means BNP Paribas Securities Services, Luxembourg Branch, acting as listing agent in Luxembourg.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Short Underlying" means, in relation to Equity Protection Alpha Certificates, the Underlying B.

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Underlying**" means one or more of the following financial assets, as specified in the applicable Final Terms: Share, Index, Commodity, Futures Contract, Exchange Rate, Interest Rate, Fund, Basket composed of two or more of such financial assets.

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

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

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

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

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

Where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Where:

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

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

" C_0^i " is the value of the Basket Constituent " i " at the Initial Valuation Date,

" W^i " is the Basket Constituent Weight of the Basket Constituent " i ", and

" n " is the number of the Basket Constituents.

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

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

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

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

4. PAY-OUTS PROVISIONS

4.1 Cash Settlement Amount

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

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

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

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

EQUITY PROTECTION CERTIFICATES

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

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

In the case of Equity Protection Certificates:

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

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

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

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

In the case of Equity Protection Certificates with Cap:

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

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

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

Nominal Value x Protection

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

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

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

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

In the case of Equity Protection Certificates with Strike:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REVERSE EQUITY PROTECTION CERTIFICATES

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

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

In case of Reverse Equity Protection Certificates:

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

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

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

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

In case of Reverse Equity Protection Certificates with Cap:

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

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

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

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

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

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

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

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

In case of Reverse Equity Protection Certificates with Strike:

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

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

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

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

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

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

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

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

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

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

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

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

Case 2: If the Underlying Final Value is equal to or lower than the Strike Level and higher than the Cap Level, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to the product between the Nominal Value and the sum of (a) 1 and (b) the performance of the Underlying in respect of the Strike Level, multiplied by the Participation; as follows:

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

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

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

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

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

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

EQUITY PROTECTION ALPHA CERTIFICATES

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

In case of Equity Protection Alpha Certificates with Spread:

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

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

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

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

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

In case of Equity Protection Alpha Certificates with Ratio:

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

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

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

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

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

EQUITY PREMIUM CERTIFICATES

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

In the case of Equity Premium Certificates:

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

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value} + \text{Minimum Redemption Percentage})$$

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

In the case of Equity Premium Certificates with Airbag:

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

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value} \times \text{Airbag} + \text{Minimum Redemption Percentage})$$

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

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

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

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value} + \text{Minimum Redemption Percentage})$$

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

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

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

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

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

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

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

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value} + \text{Minimum Redemption Percentage})$$

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

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

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

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

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

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

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

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

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

$$\text{Nominal Value} \times (\text{Underlying Final Value} / \text{Underlying Initial Value} \times \text{Airbag} + \text{Minimum Redemption Percentage})$$

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

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

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

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

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

REVERSE EQUITY PREMIUM CERTIFICATES

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

In the case of Reverse Equity Premium Certificates:

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

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

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

In the case of Reverse Equity Premium Certificates with Airbag:

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

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

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

STANDARD CERTIFICATES

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

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

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

BONUS CERTIFICATES

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

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

In the case of Bonus Certificates:

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

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

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

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

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

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

In the case of Bonus Certificates with Cap:

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

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

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

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

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

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

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

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

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

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

REVERSE BONUS CERTIFICATES

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

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

In the case of Reverse Bonus Certificates:

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

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

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

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

In the case of Reverse Bonus Certificates with Cap:

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

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

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

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

TWIN WIN CERTIFICATES

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

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

In the case of Twin Win Certificates:

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

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

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

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

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

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

In the case of Twin Win Certificates with Cap:

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

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

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

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

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

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

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

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

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

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

REVERSE TWIN WIN CERTIFICATES

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

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

In case of Reverse Twin Win Certificates:

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

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

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

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

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

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

In case of Reverse Twin Win Certificates with Cap:

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

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

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

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

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

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

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

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

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

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

LONG BENCHMARK CERTIFICATES

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

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

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

SHORT BENCHMARK CERTIFICATES

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

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

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

LONG OUTPERFORMANCE CERTIFICATES

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

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

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

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

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

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

SHORT OUTPERFORMANCE CERTIFICATES

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

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

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

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

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

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

CONSTANT LEVERAGE CERTIFICATES

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

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

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

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

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

where:

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

T = current Index Calculation Day

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

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

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

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

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

DF = Dividend Tax Factor

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

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

4.2 Early Redemption Amount

Each Product Type may provide for the Autocallable feature. In this case, the applicable Final Terms will specify one or more Early Redemption Events.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, the Early Redemption Amount *n*-th, as calculated in the accordance with the formula specified below, shall also be multiplied by the ratio between the Exchange Rate on the Initial Valuation Date and the Exchange Rate on the Early Redemption Valuation Period *n*-th.

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

When an Early Redemption Event *n*-th occurs on the Early Redemption Valuation Period *n*-th, the Certificates will be early redeemed on the Early Redemption Date and no further amount will be paid to the Securityholders. Upon occurrence of the Early Redemption Event *n*-th, the Securityholders will be entitled to receive, for each Minimum Exercise Amount, on the Early Payment Date *n*-th, an amount in the Settlement Currency determined in accordance with the following formula:

$$\text{Nominal Value} \times \text{Early Redemption Percentage } n\text{-th}$$

4.3 Capital Lock-in

Equity Premium Certificates and Reverse Equity Premium Certificates may provide for the Capital Lock-in feature. In this case, the applicable Final Terms will specify one or more Capital Lock-in Events.

If the Underlying Currency is different from the Settlement Currency and the Quanto feature does not apply, the Cash Settlement Amount paid at Maturity Date shall be multiplied by the ratio between the Exchange Rate on the Initial Valuation Date and the Exchange Rate on the Final Valuation Date.

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

When a Capital Lock-in Event *p*-th occurs on the Capital Lock-in Valuation Period *p*-th, the Securityholders are entitled to receive at least an amount equal to 100% of Notional Amount at Maturity Date.

4.4 Remuneration Amounts

Each Product Type may provide for one or more of the following remuneration amounts, as specified in the applicable Final Terms.

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

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

Each of these remuneration amounts, if so specified in the applicable Final Terms, may become due only after the occurrence of a Knock-in Event or may cease to be due after the occurrence of a Knock-out Event. In particular:

Knock-out Event

If a Knock-out Event is specified in the relevant Final Terms as applicable, the relevant remuneration amount will cease to be due and payable to the Securityholders after the occurrence of a Knock-out Event. In particular, after the occurrence of a Knock-out Event, the Securityholders will not benefit from the payment of the relevant remuneration amount (as better specified in the applicable Final Terms) on either (i) the payment date in relation to which the Knock-out Event has occurred and/or (ii) the payment dates following the Knock-out Valuation Period in which the Knock-out Event has occurred.

Knock-in Event

If a Knock-in Event is specified in the relevant Final Terms as applicable, the relevant remuneration amount will become payable to the Securityholders after the occurrence of a Knock-in Event. In particular, after the occurrence of a Knock-in Event, the Securityholders will benefit from the payment of the relevant remuneration amount (as better specified in the applicable Final Terms) on either (i) the payment date in relation to which the Knock-in Event has occurred and/or (ii) the payment dates following the Knock-in Valuation Period in which the Knock-in Event has occurred.

The following remuneration amounts may be provided under this Base Prospectus:

UNCONDITIONAL AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Unconditional Coupon Payment Date m -th, for each Minimum Exercise Amount, an amount in the Settlement Currency that does not depend on the performance of the Underlying, determined in accordance with the following formula:

$$\text{Nominal Value} \times \text{Unconditional Coupon } m\text{-th}$$

DIGITAL AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Digital Payment Date i -th, for each Minimum Exercise Amount, the Digital Amount i , k -th will be paid after the occurrence of the Digital Coupon Event i -th.

The Digital Coupon Event i -th occurs when, on the Digital Valuation Period i -th, the Underlying Value or the Underlying Final Value is equal to, higher than or lower than at least one of the Digital Coupon Level i , k -th.

In particular, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to:

- (a) when a single Digital Coupon Threshold is provided for each Digital Valuation Period (i.e. $k=1$), the following product:

$$\text{Nominal Value} \times \text{Digital Coupon } i\text{-th}$$

- (b) when several Digital Coupon Thresholds are provided for each Digital Valuation Period (i.e. $k=2$), the following product:

$$\text{Nominal Value} \times \text{Digital Coupon } i, k\text{-th}$$

provided that, when several Digital Coupon Thresholds are provided, the Securityholders will only receive the Digital Coupon which corresponds to the higher Digital Coupon Level i, k -th exceeded.

In relation to the Digital Amount, one or more of the following features may be specified as applicable in the relevant Final Terms:

Lock-in Coupon Event

If a Lock-in Coupon Event occurs, as specified in the applicable Final Terms, on each following Digital Payment Date(s) i -th, with $i > 1$, will be paid the Lock-in Coupon Amount l -th instead of the Digital Amount whatever the value of the Underlying.

Memory Mechanism

If the Memory Mechanism is applicable when a Digital Coupon Event occurs, a Memory Coupon for each Digital Coupon Event that did not occurred in relation to previous Digital Valuation Periods will be paid on the relative Digital Payment Date in addition to the relevant Digital Coupon.

Path Dependency Effect

If the Path Dependency Effect is specified as applicable in the relevant Final Terms, the Digital Amount may increase in relation to each Digital Valuation Period. Such increase will depend upon the occurrence of a Digital Event in the previous Digital Valuation Period.

In particular, the increase will be calculated as the product of (i) the amount indicated as the Path Dependency Amount in the applicable Final Terms and (ii) the number of the Digital Events that have occurred from the first Digital Valuation Period (included) until the Digital Valuation Period on which such Digital Amount is calculated.

PERFORMANCE COUPON AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Performance Coupon Payment Date j -th, for each Minimum Exercise Amount, the Performance Coupon Amount j -th after the occurrence of the Performance Coupon Event j -th.

The Performance Coupon Event j -th occurs when, on the Performance Coupon Valuation Period j -th, the Underlying Value or the Underlying Final Value is equal to, higher than or lower than the Performance Coupon Level j -th.

In particular, the Securityholders are entitled to receive, for each Minimum Exercise Amount, an amount in the Settlement Currency equal to:

- (a) when Performance Cap Coupon j-th is provided, the following product:

$$\text{Nominal Value} \times \text{Max}(\text{Performance Coupon } j\text{-th}; \text{Performance Cap Coupon } j\text{-th})$$

- (b) when Performance Cap Coupon j-th is not provided, the following product:

$$\text{Nominal Value} \times \text{Performance Coupon } j\text{-th}$$

PARTICIPATION AMOUNT

If so specified in the applicable Final Terms, the Securityholders are entitled to receive on the Participation Payment Date, for each Minimum Exercise Amount, a Participation Amount, determined on the basis of the performance of the Underlying during a Participation Valuation Period.

The Participation Amount is calculated according to one of the formulas described below specified in the applicable Final Terms.

The Participation Amounts may be calculated as follows:

- (a) Participation Amount Long:

$$\text{Nominal Value} \times \text{Max} [\text{Floor}; ((\text{Underlying Value}_i - \text{Strike Percentage} \times \text{Underlying Value}_j) / \text{Underlying Value}_j) \times \text{Multiplier}]$$

Where:

"**Underlying Value_i**" means the Underlying Value on the Participation Final Date specified in the applicable Final Terms,

"**Underlying Value_j**" means the Underlying Value on the Participation Initial Date specified in the applicable Final Terms,

"**Multiplier**" means the percentage specified in the applicable Final Terms,

"**Strike Percentage**" means the percentage specified in the applicable Final Terms,

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

- (b) Participation Amount Short:

$$\text{Nominal Value} \times \text{Max} [\text{Floor}; ((\text{Strike Percentage} \times \text{Underlying Value}_j - \text{Underlying Value}_i) / \text{Underlying Value}_j) \times \text{Multiplier}]$$

Where:

"**Underlying Value_i**" means the Underlying Value on the Participation Final Date specified in the applicable Final Terms,

"**Underlying Value_j**" means the Underlying Value on the Participation Initial Date specified in the applicable Final Terms,

"**Multiplier**" means the percentage specified in the applicable Final Terms,

"**Strike Percentage**" means the percentage specified in the applicable Final Terms,

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

The applicable Final Terms may specify which amount applies in relation to each Participation Valuation Period, whether Long Participation Amount or Short Participation Amount.

If so specified in the Final Terms, both the Participation Amount Long and Participation Amount Short may apply in relation to a single Participation Valuation Period.

4.5 Features in relation to the determination of the Underlying Value

Best Of feature

For the calculation of the Cash Settlement Amount and/or each Remuneration Amount provided and for the occurrence of any Event, the Calculation Agent selects, in relation to the relevant valuation period, the Best Of Underlying which is the Underlying with the best Performance compared with the other Underlying(s).

Worst Of feature

For the calculation of the Cash Settlement Amount and/or each Remuneration Amount provided and for the occurrence of any Event, the Calculation Agent selects, in relation to the relevant valuation period, the Worst Of Underlying which is the Underlying with the worst Performance compared with the other Underlying(s).

Digital Combo feature (in case of Digital Amounts)

In relation to Certificates linked to a Basket or to more than one Underlying, the Digital Combo feature may apply if so specified in the applicable Final Terms. In this case, the Calculation Agent will determine the occurrence of the Digital Coupon Event i-th in relation to each Basket Constituent or each Underlying. The amount of the Digital Amount will therefore depend on the number of Basket Constituents or Underlyings in relation to which the Digital Coupon Event i-th has occurred.

Rainbow Feature

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

5. ILLEGALITY AND FORCE MAJEURE

If the Issuer determines that the performance of its obligations under the Securities or that any arrangements made to hedge the Issuer's obligations under the Securities have, become (i) illegal in whole or in part for any reason, or (ii) by reason of a force majeure event (such as an act of God, fire, flood, severe weather conditions, or a labour dispute or shortage) or an act of state occurring after the Trade Date, impossible or impracticable, the Issuer may cancel the Securities by giving notice to Securityholders in accordance with Condition 9.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Securities pursuant to an illegality then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder, which amount shall be equal to the Certificates Fair Market Value, as the case may be (the bid-value in case of Italian Traded Securities), notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), as determined by the Calculation Agent in its sole and absolute discretion (such costs shall not be applicable in case of Italian Traded Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9.

If the Issuer cancels the Securities by reason of a force majeure event or an act of state, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder, which amount shall be equal to the Certificates Fair Market Value, as the case may be (the bid-value in case of Italian Traded Securities), taking into account the applicable force majeure event or act of state, as the case may be, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), as determined by the Calculation Agent in its sole and absolute discretion (such costs shall not be applicable in case of Italian Traded Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9.

6. HEDGING DISRUPTION

The Issuer or one of its Affiliates may be unable, after using commercially reasonable efforts, to either (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk) of entering into and performing its obligations with respect to the Securities; or (b) freely realize, recover, receive, repatriate, remit or transfer the proceeds of hedge positions as the case may be between accounts within the jurisdiction of the hedge position (the "**Affected Jurisdiction**") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction.

In case of the occurrence of a Hedging Disruption relating to an Underlying (the "**Affected Underlying**") the Calculation Agent may:

- (i) consider such event as an event triggering an early redemption of the Securities (hereafter, an "**Redemption Event**"). In that case where an Redemption Event occurs, the Issuer shall terminate its obligations under the Securities and shall pay or cause to be paid an amount on the basis of the Certificates Fair Market Value (the bid-value in case of Italian Traded Securities); or
- (ii) replace the Affected Underlying by a new underlying which is representative of the same economic or geographic sector.

7. PURCHASES AND CANCELLATION

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation.

8. AGENTS, DETERMINATIONS, MEETINGS OF SECURITYHOLDERS AND MODIFICATIONS

8.1 Issuing and Paying Agent

The specified offices of the Issuing and Paying Agent is set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint further or additional issuing and paying agents, provided that no termination of appointment of the Issuing and Paying Agent shall become effective until a replacement agent shall have been appointed and provided that, so long as any of the Securities are listed on any stock exchange or admitted to trading or listing by any other relevant authority, there shall be an Issuing and Paying Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any termination of appointment and of any changes in the specified office of the Issuing and Paying Agent will be given to Securityholders in accordance with Condition 9 provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such termination or changes.

In acting under the Agency Agreement, the Issuing and Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders and any Issuing and Paying Agent's determinations and calculations in respect of the Securities shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

The Agency Agreement may be amended by the parties thereto, but without the consent of the Securityholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Securityholders.

8.2 Calculation Agent

In relation to each issue of Securities, the Calculation Agent (whether it be the Issuer or another entity) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. All calculations and determinations made in respect of the Securities by the Calculation Agent shall be made in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

8.3 Determinations by the Issuer

Any determination made by the Issuer pursuant to these Conditions shall be made in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

8.4 Meetings of Securityholders and Modifications

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Securities or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer. The provisions for convening meetings of the Securityholders contained in the Agency Agreement, shall apply, *mutatis mutandis*, also to the Italian Dematerialised Securities. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority of the Securities for the time being outstanding or at any adjourned meeting two or more persons being or representing Securityholders whatever the number or Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities (including modifying the date of exercise of the Securities, reducing or cancelling the Cash Settlement Amount in respect of the Securities or altering the currency of payment of the Securities), the quorum shall be two or more persons holding or representing not less than two-thirds of the Securities for the time being outstanding or at any adjourned such meeting one or more persons holding or representing not less than one-third of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting.

In respect of Italian Dematerialised Securities, for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Securityholders and (ii) the determination of how many Italian Dematerialised Securities are outstanding for the purposes of this Condition, those Italian Dematerialised Securities which are beneficially held by, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding provided, for the avoidance of doubt, that this shall not prejudice any rights of the Issuer and its respective legal and financial advisers to attend and speak at any such meeting.

The Issuing and Paying Agent and the Issuer may agree, without the consent of the Securityholders to:

- (a) any modification (except as mentioned above) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders; or
- (b) any modification of the Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 9 as soon as practicable thereafter.

9. NOTICES

All notices to Securityholders shall be valid if (i) published in a leading English language daily newspaper of general circulation in London; (ii) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that any such publication in a newspaper will be made in the Financial Times in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading; (iii) if and so long as the Securities are admitted to trading on stock exchanges other than the Luxembourg Stock Exchange, the notices are duly published in a manner which complies with the rules of any such other stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading; and (iv) if and so long as the Securities are Italian Dematerialised Securities, as long as the Securities are held through Monte Titoli, the notice shall be deemed to have been duly given if given through the systems of Monte Titoli.

Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Securityholders will be deemed for all purposes to have notice of the contents of any notice given to the Securityholders in accordance with this Condition.

Until such time as any Definitive Securities are issued, there may, so long as any Global Securities representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Securities and, in addition, for so long as any Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules or on the website of such stock exchange. Any such notice shall be deemed to have been given to the holders of the Securities on the date of delivery to Euroclear and/or Clearstream, Luxembourg.

10. EXPENSES AND TAXATION

- (A) A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, sale commissions, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities pursuant to the terms of such Securities (the "**Expenses**") relating to such Securities.
- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

- (C) A holder of Securities must provide the Issuer with sufficient information and all reasonable assistance necessary (for, and pay all costs associated with), compliance by the Issuer with Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code. If the Issuer or any other relevant withholding agent determines that a withholding pursuant to FATCA or U.S. dividend equivalent tax legislations under Section 871(m) is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

11. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of Securityholders to create and issue further Securities so as to be consolidated with and form a single series with the outstanding Securities.

12. SUBSTITUTION OF THE ISSUER

12.1 Substitution of Issuer

Unless otherwise indicated in the relevant Final Terms, the Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute**") as principal debtor in respect of all obligations arising from or in connection with the Securities provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Securities shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Securities are listed shall have confirmed that following the proposed substitution of the Substitute the Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 9.

12.2 Modification of Conditions as a result of Substitution of Issuer

After any substitution or change of branch pursuant to Condition 12.1, the Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the Conditions where applicable, by references to the country of incorporation, domicile and/or residence for tax purposes of the Substitute or the new branch, as the case may be. Such modifications shall be notified to Securityholders in accordance with Condition 9.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

13.1 Governing Law

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

13.2 Submission to jurisdiction

In relation to any legal action or proceedings arising out of or in connection with the Securities (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the Securities and the Agency Agreement), the Issuer irrevocably submits to the non-exclusive jurisdiction of the courts of England and hereby waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

13.3 Appointment of process agent

The Issuer has appointed The Italian Chamber of Commerce and Industry for the UK at 1 Princes Street, London W1B 2AY, United Kingdom as its agent for service of process, and undertakes that, in the event of The Italian Chamber of Commerce and Industry for the UK ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with Securities and the Agency Agreement (and any non-contractual obligations arising out of or in connection with the Securities and the Agency Agreement). Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

14. PRESCRIPTION

Claims against the Issuer, if any, for payment of principal, interest and/or remuneration in respect of the Certificates shall become void unless made within 60 months from the Exercise Date and no claims shall be made after such date.

15. CONTRACTUAL RECOGNITION OF THE ITALIAN BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any Securityholders and without prejudice to Article 55(1) of the BRRD, each Securityholder, by virtue of its acquisition of the Security (whether on issuance or in the secondary market), acknowledges and accepts the existence of, agrees to be bound by and consents to:

- (a) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Cash Settlement Amount in respect of the Securities together with any accrued but unpaid remuneration amount due thereon and any additional amounts (if any) due in relation thereto;
 - (B) the conversion of all, or a portion, of the Cash Settlement Amount in respect of the Securities together with any accrued but unpaid remuneration amount due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions;
 - (C) the cancellation of the Securities or the Cash Settlement Amount in respect of the Securities together with any accrued but unpaid remuneration amount due thereon and any additional amounts (if any) due in relation thereto; and

- (D) the amendment or alteration of the maturity of the Securities or amendment of the amount of remuneration amount payable on the Securities, or the date on which the remuneration amount become payable, including by suspending payment for a temporary period; and
- (b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

Each Securityholder further agrees that the rights of the Securityholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Securities, the Issuer shall provide a notice to the holders of the Securities in accordance with Condition 9 (Notices) as soon as reasonably practicable. The Issuer shall also deliver a copy of such notice to the Issuing and Paying Agent for information purposes. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Securities described in this Condition 15.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Securities shall not constitute an event of default and the terms and conditions of the Securities shall continue to apply to the outstanding amount of the Securities subject to any modification of the amount of remuneration amount payments to reflect the reduction of the outstanding amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation and any other relevant provisions under the applicable banking regulations.

Each Securityholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of the Bail-In Power.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Subject as provided in the Agency Agreement, the Securities do not confer on any third party any rights under the Contracts (Rights of Third Parties) Act 1999 (the "**Act**") to enforce any term of the Securities, but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

17. MARKET DISRUPTION EVENTS

If the Calculation Agent determines that the value of the Underlying cannot be determined at any time, which is relevant to fix the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value, by reason of the occurrence of an event giving rise to a Market Disruption Event (as described below), the following provisions apply.

Market Disruption Events shall mean:

- (a) when the Underlying is neither an Index nor an Interest Rate,
 - (i) any suspension of, or relevant limitation imposed on, any transaction of the Underlying (either as single or as a Basket Constituent) on the relevant Reference Exchange; or
 - (ii) any suspension of, or relevant limitation imposed on, trading of futures or options contracts relating to the Underlying on a Related Exchange;

provided that such events do not include the reduction in hours or days of trading - unless such change has been regularly announced by the relevant Related Exchange - nor the ceasing of the exchanges under such contract;

- (b) when the Underlying is an Index or an Interest Rate, a suspension of the publication of the Index or of the Interest Rate.

If a Market Disruption Event continues for the whole valuation period that is relevant to fix the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value, the Issuer will determine the Underlying Value, or the Underlying Initial Value, or the Underlying Final Value acting in good faith and in a commercially reasonable manner in order to neutralise the effects which the Market Disruption Event has caused to the Certificates. The Issuer will duly inform about the procedures and determinations made in order to calculate such value.

The Certificates Fair Market Value will be determined as specified in the following Condition 18.

18. ADJUSTMENT EVENTS RELATING TO THE UNDERLYING AND CORRECTION PROVISIONS IN RELATION TO THE SECURITIES

If the Underlying is affected by an Adjustment Event, the Issuer will intervene in order to procure that the economic value of the Certificates following an Adjustment Event is equal, as far as possible, to the economic value of the Certificates before the occurrence of the Adjustment Event.

If an Adjustment Event has occurred and its negative effects cannot be corrected, the Issuer may: (i) apply the provisions in relation to the Market Disruption Events as detailed under the previous Condition, or, as alternative, (ii) redeem the Securities early by paying an amount calculated on the basis of the market value of the Securities, as determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner. The payment will be made in accordance with the method of calculation notified to investors on the web site of the Issuer.

18.1 Adjustment Events in relation to Index or Basket of Indexes

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to an Index, either as single or as a Basket Constituent, the occurrence of one or more of the following events:

- (a) Calculation of the Index by a Successor Sponsor.

If the Index Sponsor is replaced by a Successor Sponsor, the Index so calculated and announced by such Successor Sponsor will continue to be deemed as the single Underlying or the Basket Constituent.

In this case, Securityholders will be notified by the Issuer in relation to the identity of the Successor Sponsor, the method of calculation and the publication of the Index as determined by the Successor Sponsor, by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event;

- (b) Modification of the method of calculation of the Index or substitution with a Successor Index.

If an Index Sponsor (or a Successor Sponsor, where applicable) substantially modifies the method of calculation of the Index or replaces the Index with a Successor Index, the Issuer may take one of the following actions which will be notified to the investor by way of a notice on its website:

- (i) replace the Underlying Index with the Index as modified or with the Successor Index, multiplied, if necessary, by a coefficient ("**Adjustment Coefficient**") aiming to neutralise the effects which the Adjustment Event cause to the Securities, in such a way as the economic value of the Securities after the correction is equal, as far as possible, to the economic value of the Securities before the Adjustment Event has occurred. Securityholders will be notified by the Issuer in relation to Index as modified or the Successor Index or, as the case may be, to the Adjustment Coefficient, by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event; or;
- (ii) redeem the Securities, as specified in the following point (c), if the disruptive events in relation to the modified Index or Successor Index, have not been removed by the procedure provided in point (i) above.

(c) Cancellation or disruption of the Index.

If the Index Sponsor (or the Successor Sponsor, where applicable) (i) permanently cancels that Index, or (ii) fails to calculate and announce that Index, either as single or as a Basket Constituent, without provide a Successor Index:

- (a) in case of an Index as single Underlying: the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value;
- (b) in case of an Index as Basket Constituent: the Issuer shall replace the Index with another similar Index. In accordance with the index types, the features that the Issuer will consider for the purposes of the replacement are the following:
 - (i) the assets included in the Index are listed in a primary regulated market and represent, in geographical terms, the assets which composed the Index replaced; and
 - (ii) the principal economic activity of the companies issuing the assets included in the Index replaced is, as far as possible, the same as that of the companies using the assets included in the Index replaced.

All the notices relating to the point (a) and (b), unless otherwise required by law, will be published on the website of the Issuer.

If the Index Sponsor (or the Successor Sponsor, where applicable) (i) permanently cancels or (ii) fails to calculate and announce most of the Index composed the Basket of Index, without provides for the method of calculation or the publication of replaced indexes, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value.

Securityholders will be notified by the Issuer in relation to the Certificates Fair Market Value, by way of a notice on the Issuer's website, within the fifth Business Day following its determination.

The Certificates Fair Market Value shall be paid to the Securityholders within five Business Day following its determination.

The corrections described in this paragraph will be binding for the Securityholders and the Issuer, save for manifest errors.

18.2 Adjustment Events in relation to Share or Basket of Shares

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to a Share, either as single or as a Basket Constituent, one or more of the following events:

- (a) share splits and consolidations;

- (b) the increase of corporate capital transactions on a free basis and the increase of corporate capital transactions by way of issuance of new shares of the same class as those underlying the Securities;
- (c) the increase of corporate capital transactions by way of issuance of (i) new shares of a class different from those underlying the Securities, (ii) shares with warrant, (iii) convertible bonds and (iv) convertible bonds with warrant;
- (d) merger and de-merger transactions (for the purposes of a correction in relation to a de-merger, reference should be made to the listed share of the company that arises from the de-merger transaction);
- (e) payment of an extraordinary dividend or a spin-off;
- (f) any other event affecting the economic value and, consequently, the market price of the Share and/or the rights of the Shareholders.

The Issuer determines the method of correction so that the economic value of the Securities after the correction is equal, as far as possible, to the economic value of the Securities before the Adjustment Event has occurred. In particular, the correction, in relation to a single Adjustment Event, which may affect the Underlying Initial Value and/or the Share and/or other terms related to the Securities, is made according to the following criteria:

- (i) where an option contract is traded on the Share affected by the Adjustment Event on a Related Exchange, reference will be made to the criteria used by the Related Exchange to make the relevant corrections, possibly modified to consider the existing differences between the contractual features of the Securities and the option contracts;
- (ii) where there are no option contracts on the Share traded on a Regulated Exchange or in relation to which the Issuer does not consider that the method of correction is appropriate for the adjustment of the Securities, the terms and conditions of the Securities will be adjusted by the Issuer acting in a good faith and pursuant to international market practice.

In relation to a Basket, the Issuer will correct the Basket value considering the weighting of the Share adjusted.

In these cases, Securityholders will be notified by the Issuer in relation to such corrections by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event.

If:

- (i) an Adjustment Event has occurred, whose effects may not be neutralised by way of appropriate corrections to the Barrier/Protection Level, and/or the Reverse Protection Level (where applicable) and/or Initial Value, and/or Final Value, and/or Underlying Share and/or n-th Early Redemption Level, and/or Digital Coupon Level i, k-th (where applicable), and/or the Capital Lock-in Level p-th (where applicable), and/or the Lock-in Coupon Level l-th (where applicable), and/or the Performance Coupon Level j-th (where applicable) and/or Strike Level (where applicable), and/or Cap Level (where applicable), and/or the Bonus Level (where applicable), and/or the Knock-in Level (where applicable), and/or the Knock-out Level (where applicable) and, in the case of Securities issued on a Basket, the Basket Constituent Weight, or
- (ii) following the Adjustment Events, the Underlying does not maintain the liquidity requirements that may be provided by Borsa Italiana S.p.A., or
- (iii) the Underlying is suspended and not re-listed, or
- (iv) the Underlying is removed from the list of the organised market where it is traded (so-called "delisting"),

- a) in the case of Securities having as Underlying a single Share, the Securities shall be deemed to be early expired and the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value;
- b) in the case of Securities having as Underlying a Basket of Shares, the Issuer shall replace the Share with a replaced share.

In accordance with the share types, the features that the Issuer will consider for the purposes of the replacement are the following:

- (i) the selected share is listed on a primary regulated market within the same continent as the regulated market of the replaced share; and
- (ii) the principal economic activity of the company issuing the replacement share is, as far as possible, the same as that of the company issuing the replaced share.

If these circumstances occur in relation to the majority of the Shares constituting the Basket, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value.

Securityholders will be notified by the Issuer by way of a notice on the Issuer's website.

The Certificates Fair Market Value shall be paid to the Securityholders within five Business Day following its determination.

If in the future the market on which the Underlying is listed, is managed by an entity other than the entity managing it at the time of the issue of the Securities, the Reference Price communicated by the new entity shall be binding for the determination of the Cash Settlement Amount of the Securities. However, if the Underlying is listed on more than one market other than that one of the new entity, the Issuer will select the Related Exchange where the higher liquidity of the Underlying is guaranteed. All the communications in this regard will be made, unless otherwise provided by law, on the Issuer's website.

Such corrections will be binding for the Securityholders and the Issuer, save for manifest errors.

18.3 Adjustment Events in relation to Interest Rate or Basket of Interest Rates

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to an Interest Rate, either as single or as a Basket Constituent, one or more of the following events:

- (i) the Interest Rate is no longer calculated by the relevant Reference Source in charge for the calculation, but by another entity which has replaced the Reference Source in charge of the calculation. Securityholders will be notified by the Issuer in relation to the identity of the new Reference Source, the method of calculation and the publication of the Interest Rate as determined by the new Reference Source, by way of a notice on the Issuer's website, within the effective date of its appointment;
- (ii) the relevant Reference Source or the Reference Source substantially modify the features of the Interest Rate, or one or more Interest Rate composing the Basket. In this case:
 - (a) if the relevant Reference Source or the new Reference Source modify or replace the Interest Rate maintaining the same value of the Interest Rate, before and after the correction or the replacement (using a relevant coefficient) of the Interest Rate, the Securities will not be adjusted and the modified or replaced Interest Rate will be maintained as Underlying;

- (b) if the relevant Reference Source or the new Reference Source modify or replace the Interest Rate not maintaining the same value of the Interest Rate, before and after the correction or the replacement, the Calculation Agent will correct the Underlying Initial Value in order to maintain unaffected the economic value using a correction coefficient as determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner;
 - (c) if the Calculation Agent determines that the disruptive events in relation to the replacement of the Interest Rate may not be removed by the procedure provided in point (b), the Issuer shall redeem the Securities as specified below;
- (iii) the relevant Reference Source or the new Reference Source fail to calculate and announce that Interest Rate (or the Interest Rate as Basket Constituent), without provide for a calculation and a publication of a replaced Interest Rate. In this case:
- (a) with respect to Interest Rate Securities, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value;
 - (b) in case of Securities on Interest Rate as Basket Constituent: the Issuer may replace the Interest Rate with another similar Interest Rate.

If the relevant Reference Source or the new Reference Source fails to calculate and announce most of the Interest Rate composed a Basket of Interest Rate, without provides for a calculation or a publication of replaced Interest Rates, the Issuer may redeem the Securities early by paying to the Securityholders an amount equal to the Certificates Fair Market Value.

Securityholders will be notified by the Issuer of such corrections by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of such Adjustment Event.

The Certificates Fair Market Value shall be paid to the Securityholders within five Business Day following its determination.

Such corrections will be binding for the Securityholders and the Issuer, save for manifest errors.

18.4 Adjustment Events in relation to Exchange Rate or Basket of Exchange Rates

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to an Exchange Rate, either as single or as a Basket Constituent, the one or more of the following events:

- (i) the Exchange Rate is no longer calculated or published by the Fixing Sponsor in charge but by another Sponsor which has replaced the Fixing Sponsor in charge of the calculation. In this case the Calculation Agent will determined the Cash Settlement Amount and the other amount due in relation to the Securities on the Underlying as calculated and published by the new Sponsor.

When a new Sponsor is appointed, any reference to the Sponsor in the Base Prospectus and in the Final Terms shall be deemed to refer to the new Sponsor;

- (ii) a replacement of the Sponsor is not possible or, due to special situations or force majeure events (such as natural disaster, war, terrorist acts, revolution, limit payment transactions, transposition in the Monetary European Union of the currency used for the calculation) and to any other circumstances which have a similar impact on the Exchange Rate, both single Exchange Rate and Basket Constituent, the determination of the Exchange Rate is impossible or impracticable, as determined by the Calculation Agent. In this case the Issuer may early pay the Securities giving notice. The ceasing will be effective when announced. In this case the Issuer will pay to each Securityholder an amount in relation to each Security as indicated in the notice, in a date determined by the Issuer in a good faith and in its sole discretion, considering the Adjustment Event as determined by the Calculation Agent, in good faith and in its sole discretion.

If the Exchange Rate is one of the Basket Constituent, the Calculation Agent may replace it with a replaced Exchange Rate or, in its sole discretion, may remove the Exchange Rate and, if relevant, redistributes the Basket Constituent Weight ascribed to each Basket Constituent. If such events will occurred in respect to the majority of the Basket Constituent, the Issuer will early repay the Securities.

The amount determined in such paragraph will be reimburse within five days from its determination.

18.5 Adjustment Events in relation to Commodity or Basket of Commodities

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to a Commodity, one or more of the following events:

- (a) the Commodity traded on the Reference Source is a different quality or another composition (for example, in a different degree of purity);
- (b) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;

provided that such events are deemed to be relevant for the Calculation Agent determination purposes. In that cases the Calculation Agent will be entitled, if applicable, to determine the appropriate adjustment following the adjustments measures implemented by a Related Exchange in relation to the event occurred on the options contracts or futures contracts on the same Commodity as traded on such Related Exchange.

In relation to such adjustments, Securityholders will be notified by the Issuer by way of a notice on the Issuer's website, within the fifth Business Day following the occurrence of the Adjustment Event. Such corrections will be binding for the Securityholders and the Issuer.

18.6 Adjustment Events in relation to Fund or Basket of Funds

For the purposes of this paragraph, "**Adjustment Event**" means, in relation to a Fund, either as single or as a Basket Constituent, one or more of the following events:

- (i) change in the investment policy of the Fund, change in the benchmark index, replacement of the Management Company, change in the income allocation policy;
- (ii) changes in the methodology for calculating and/or recording the liquidation price in the rules of the Reference Market;
- (iii) significant change in the fees relating to the Fund or to one or more of the Funds constituting the Basket;
- (iv) delisting or liquidation of the Fund or withdrawal of authorisation or registration by the relevant regulatory entity;

- (v) merger or incorporation of a Fund into another Fund;
- (vi) the asset under management of the Fund is less than EUR 10 million.

In these cases, the Issuer is entitled to:

- (i) replace the Fund indicated as the Underlying, or one or more of the Funds constituting the Basket, with the modified Fund, replaced, multiplied, where necessary, by a coefficient ("**Adjustment Coefficient**") which ensures continuity with the Underlying originally provided for the Securities and aims to neutralize the disruptive effects of the event while preserving the economic value of the Securities;
- (ii) make appropriate corrections to the Fund indicated as Underlying, also multiplying it, if necessary, by an Adjustment Coefficient that ensures continuity with the Underlying originally provided for the Securities and aims to neutralize the disruptive effects of the event while preserving the economic value of the Securities;
- (iii) fulfil the obligations arising from the Securities by paying the Securityholders an amount representing the Certificates Fair Market Value.

Securityholders will be notified of the occurrence of any of the above events and, where applicable, of the Adjustment Coefficient within five Business Day following the change or replacement. Securityholders will be notified of the Certificates Fair Market Value within five Business Day following the determination of such fair market value. All the communications in this regard will be made by publication of a notice on the Issuer's website.

The Certificates Fair Market Value shall be paid to the Securityholders within seven Business Day following its determination.

Such corrections will be binding for the Securityholders and the Issuer, save for manifest errors.

19. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with Condition 9:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in Euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Securities will be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (B) where the Exchange Rate and/or any other terms of these Conditions (as amended or supplemented in the applicable Final Terms) are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, Euro at the Established Rate; and
 - (C) such other changes shall be made to these Conditions (as amended or supplemented in the applicable Final Terms) as the Issuer may decide, in its sole and absolute discretion to conform them to conventions then applicable to instruments expressed in Euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent, in its sole and absolute discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the terms of these Conditions and/or the applicable Final Terms).

Notwithstanding the foregoing, none of the Issuer, any of its Affiliates, the Calculation Agent or the Issuing and Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or Expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to first sentence of Article 1091(4) of the Treaty;

"**Euro**" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**National Currency Unit**" means the unit of the currency of a country, as those units are defined on the date on which the country of the Original Currency first participates in European Economic and Monetary Union; and

"**Treaty**" means the treaty establishing the European Community, as amended.

20. EXERCISE PROCEDURE

Each such Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount ("**Cash Settled Securities**"), less any Expenses not already paid.

Each Certificate shall be automatically exercised on the Exercise Date and settled in accordance with this Condition 20, unless and Early Redemption Event occurred, if applicable, as specified in the applicable Final Terms.

In respect of Certificates listed on stock exchanges other than the Luxembourg Stock Exchange, prior to the Renouncement Notice Cut-off Time indicated in the relevant Final Terms, the Securityholder may renounce any automatic exercise of such Certificate by the delivery or sending by authenticated swift message (confirmed in writing) of a duly completed Renouncement Notice to the relevant Clearing System, with a copy to the Issuing and Paying Agent and the Issuer, in compliance with the laws and regulation, including the regulations of such other stock exchange, applicable from time to time. If a duly completed Renouncement Notice is delivered or sent in compliance with the above, the relevant Security Holder will not be entitled to receive any amounts payable by the Issuer in respect of the relevant Certificates listed on other exchanges and the Issuer shall have no further liabilities in respect of such amounts.

Once delivered a Renouncement Notice shall be irrevocable. Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by the relevant Clearing System in consultation with the Issuing and Paying Agent and shall be conclusive and binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent and the relevant Securityholder. Subject as set out below, any Renouncement Notice so determined to be incomplete or not in proper form or which is not duly delivered shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of the relevant Clearing System, in consultation with the Issuer and the Issuing and Paying Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered to the relevant Clearing System and copied to the Issuer and the Issuing and Paying Agent.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Securities for general corporate purposes, including making a profit. A substantial portion of the proceeds may be used to hedge market risks with respect to the Securities. If in respect of any particular issue of Securities, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

INFORMATION ABOUT THE ISSUER

History and development of the issuer

With reference to the main corporate activities that have been characterized the financial year 2020 and the recent events occurred in the life of the Issuer following the end of the financial year 2020, it should be noted:

On **5 February 2020**, the Board of Directors approved the disclosure of the results of the self-assessment process contained in the following documents: Board of Directors self-assessment - year 2019 - Optimal qualitative and quantitative composition of the Board of Directors for the Parent Company in compliance with the relevant Group process and in view of the appointment of the new Board of Directors.

At the same meeting, the Board of Directors approved the draft financial statements as at 31 December 2019, convening the Shareholders' Meeting for the following resolutions. Also at the meeting of 5 February, the Board of Directors examined the document "Rationales of the 2020 Budget - Information to the Board of Directors", in preparation to the subsequent approval of the 2020 Budget by the Parent Company. On the same date, the Board of Directors approved the "Report of the Head of Investment Banking" on the self-assessment of the permanence requirements for carrying out the Nomad activity. Finally, at the Board meeting of 5 February, the amendments on the various parameters that contribute to the calculation of the IFRS 9 ECL have been approved.

On **3 March 2020**, the Board of Directors of Banco BPM S.p.A. approved the Group's 2020-2023 Business Plan.

On **25 March 2020**, the Board of Directors has resolved, for that falling under its competence, *inter alia*, the remuneration policies of Banco BPM banking Group for 2020.

On **26 March 2020**, Moody's, reflecting the deterioration in the operating environment due to the COVID-19 crisis in Italy and the potential risk of negative impacts for the national banking system (with particular reference to the banks' Baseline Credit Assessment), announced rating actions involving 15 Italian banks. In this context, Moody's confirmed all the ratings assigned to Banco BPM, except for the Outlook on the long-term rating of deposits, which changed from Stable to Negative.

On **2 April 2020**, Banco BPM announced that, as part of a review of Italian banks ratings, DBRS Morningstar confirmed all the ratings assigned to Banco BPM and to the Issuer - including the Long Term Issuer Rating at BBB (low) and the Short Term Rating at R-2 (middle), as well as the Deposit Rating at BBB/R-2 (high) - and revised the Group's long and short-term rating trends from 'Stable' to 'Negative'. This decision reflects the rating agency's view that the COVID-19 emergency will lead to a deterioration of the operating environment in Italy, which could affect the Issuer's financial position.

On **6 May 2020**, the Bank's Shareholders' Meeting, in its ordinary session, appointed the members of the new Board of Directors, reconfirming the Chairman and determining the related remuneration. On the same date, the Board of Directors appointed the Vice-Chairman and reconfirmed the Managing Director. At the same meeting, the single remuneration of the members of the Board of Directors was determined and the powers relating to the offices of Chairman, Deputy Chairman and Chief Executive Officer were conferred.

On **7 May 2020**, Banco BPM announced: (i) the measures adopted to deal with the epidemiological emergency caused by COVID-19 and (ii) the unaudited balance sheet and income statement of the Group as at 31 March 2020, which closed the year in profit. Banco BPM highlighted how the first quarter of 2020 was affected by the international emergency linked to the COVID-19 outbreak. In this context, the Group took a series of supporting measures.

On **30 July 2020**, the Board of Directors approved the balance sheet and income statement as at 30 June 2020. In the same meeting, the Board was informed on some updates of the IFRS 9 Business Model. Finally, a first

disclosure on the revised budget 2020 guidelines was given.

During the month of **November 2020**, the rating agency DBRS Morningstar confirmed all the ratings of Banco BPM and Banca Akros – among which the Long-term Senior debt and Long-term Issuer Rating at BBB (low) – and confirmed the rating's trend Long-term and Short-term of the Group as 'Negative'.

On **16 December 2020**, the Board of Directors received a report on the 2021 budget process. At the same meeting, the Board resolved on the issue and placement of financial instruments known as certificates by the Banco BPM Group and on the structuring and financial hedging of these certificates by Banca Akros. At the same meeting, the Board passed a framework resolution on updating the plafond for the own account trading services, execution of orders on behalf of customers, and receipt and transmission of orders between Banco BPM S.p.A., Banca Aletti & C. S.p.A. and Banca Akros S.p.A.. Lastly, during the meeting, the Board was informed and consequently resolved on a potential acquisition of 100% of the shares in a company active in the M&A sector linked to an international network present in more than 40 countries worldwide.

On **17 December 2020**, Director Paola Galbiati resigned from the position held. In accordance with the provisions of the by-law, the Board of Directors consists of 10 members, including the Chairman.

On **29 December 2020**, the Statutory Auditor Maria Luisa Mosconi confirmed and made effective her resignation from the office held. The Board of Statutory Auditors reconstituted its *plenum* with the appointment of Claudia Rossi as Alternate Auditor, who held the office until 24 March 2021.

On **24 March 2021**, the Bank's Shareholders' Meeting confirmed the *plenum* of the Board of Directors in 11 members and proceeded to the integration of the Board of Statutory Auditors for the 2019-2021 financial years, appointing a Standing Auditor (Nadia Valenti) and an Alternate Auditor (Chiara Valeri).

On **27 April 2021**, the Board of Directors co-opted Francesca Brunori.

On **6 May 2021**, the Board of Directors of Banco BPM met and approved the Group's balance sheet and income statement as at 31 March 2021.

On **12 May 2021**, Moody's Investors Service Moody's Investors Service has changed the outlook of Banco BPM's long-term deposit rating and long-term senior unsecured debt and issuer ratings to Stable from Negative. Concurrently, all ratings assigned to Banco BPM have been affirmed, including the Baseline Credit Assessment (at ba3), the Long and Short-term Deposit ratings (at Baa3/P-3), as well as the long-term issuer and senior unsecured ratings (at Ba2).

On **31 May 2021**, Banca Akros finalised the acquisition of 100% of Oaklins Italy S.r.l., under the terms resolved by the Boards of Directors of Banco BPM and Banca Akros, thus becoming part of the Oaklins world, one of the longest-standing and most developed international M&A advisory networks active in the midmarket and specialised in cross-border transactions. The Oaklins network boasts over 850 professionals active in more than 45 countries and 70 offices worldwide: from Shanghai to Buenos Aires, from Stockholm to New York, from Brussels to Tokyo. The transaction concluded is strategically functional to the strengthening of Banca Akros' M&A activity on an international scale and will make the benefits deriving from the skills and presence of Oaklins' professionals in the world's major economies accessible to the clients of the entire Banco BPM Group, offering them the possibility of reaching potential buyers or targets all over the world.

On **5 November 2021**, the Parent Company announced the approval of the 2021-2024 Business Plan.

Legal and commercial name of the Issuer

The legal and commercial name of the Issuer is Banca Akros S.p.A.

Place of registration, registration number and legal entity identifier (LEI)

The Issuer is registered with the Companies' Register of Milan under No. 858967. The Issuer is also registered with the Register of Banks held by the Bank of Italy under No. 5328 and belongs to the Banco BPM Banking Group (the "**Group**" or "**Banco BPM Group**"), which is registered with the Register of Banking Groups (*Albo dei Gruppi Bancari*) under no. 237 since 1 January 2017.

The legal entity identifier (LEI) of the Issuer is 549300GRXFI7D6PNEA68.

Date of incorporation and length of life of the Issuer

The Issuer, established as *società di intermediazione mobiliare* on 3 April 1973 has been registered with the Register of Banks on 6 February 1997 with application No. 7167. Pursuant to article 4 of the by-law, the duration of the Issuer is until 31 December 2050.

Legal status, registered office and legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer

The Issuer is an Italian bank established as a joint stock company (*società per azioni*) under the law of the Republic of Italy.

The registered office of the Issuer is at Viale Eginardo, 29, 20149 Milan, with telephone number +39 02434441. The website of the Issuer is www.bancaakros.it/en. The information contained in the website of the Issuer does not form part of this Base Prospectus, unless they are incorporated by reference hereto.

The Issuer's activities are subject to specific Italian and European regulations in relation to the sector in which it operates. In particular, the Issuer, as a member of the Banco BPM Group, is subject to complex and strict regulations, as well as to the supervisory activities carried out on a consolidated basis by the European Central Bank and the Bank of Italy, and is therefore required to comply with the laws and regulations in force from time to time. Besides supranational and national laws and regulations on the financial and banking field, the Issuer is subject to specific regulations on, *inter alia*, anti-money laundering, usury, consumer protection and transparency.

Legal and regulatory provisions aimed at preventing money laundering and terrorist financing include, *inter alia*:

- Legislative Decree No. 125 of 4 October 2019, which amended, *inter alia*, Legislative Decree No. 90 of 25 May 2017, implementing Directive 2018/843/EU, which revised Directive 2015/849/EU on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and amending Directives 2009/138/EC and 2013/36/EU;
- Legislative Decree No. 90 of 25 May 2017, which amended Legislative Decree No. 231 of 21 November 2007 (the "**Decree 231/2007**"), implementing Directive 2015/849/EU on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing, and amending Directives 2005/60/EC and 2006/70/EC and implementing Regulation (EU) No. 2015/847 on information accompanying transfers of funds and repealing Regulation (EC) 1781/2006;
- the provision setting out implementing rules on organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing, adopted by the Bank of Italy pursuant to Decree 231/2007 on 26 March 2019;
- the provision setting out implementing provisions on customer due diligence and money laundering and

terrorist financing, adopted by the Bank of Italy pursuant to Decree 231/2007 on 30 July 2019;

- the provision on instructions on objective communications, adopted by the Bank of Italy pursuant to Decree 231/2007 on 28 March 2019;
- the provision on "Rules on the storage and disclosure of documents, data and information to fight money laundering and terrorist financing" issued by the Bank of Italy on 24 March 2020, replacing the provision of 3 April 2013;
- the remaining provisions adopted by the Bank of Italy during 2019 and 2020 in the field of anti-money laundering, which concern, among other aspects, data retention and the sending of aggregated anti-money laundering reports.

As regards the relevant legislation on usury, it is worth mentioning Articles 644, 644-bis and 644-ter of the Italian Criminal Code, Law No. 108 of 7 March 1996 as subsequently amended (the "**Usury Law**") and the Instructions of the Bank of Italy for the detection of average global effective rates pursuant to the Usury Law of 29 July 2016 (the "**Usury Instructions**").

Under Article 644 of the Italian Criminal Code, the conduct of a person who obtains or promises, in any form whatsoever, for himself or for others, as consideration for the provision of money or other benefits, usurious interest or other advantages, constitutes a criminal offence. The same Article specifies that the law establishes the thresholds beyond which interests are always usurious. According to the same article, the same interests (even if lower than the threshold set), advantages or rewards are also to be considered usurious if the person who has given or promised them is in a state of economic or financial difficulty and if, having regard to the actual circumstances of the case and to the average rate charged for similar transactions, the interests are in any event disproportionate to the provision of money or other benefits, or to the mediation work provided. For the determination of the usurious interest rate, account shall be taken of commissions, remunerations for any reason and expenses, excluding those for taxes and duties, connected with the granting of credit. Moreover, pursuant to Article 1815(2) of the Italian Civil Code, if usurious interest is agreed upon, the clause providing for it is null and void and no interest is due. The Usury Law provides, in particular, that the Minister of the Treasury publishes on a quarterly basis a measure (the "Decreto Rilevazione") indicating the Effective Average Global Rate (the so called TEGM) practised by banks and financial intermediaries, for classes of transactions divided into categories of transactions. The classification of transactions by homogeneous categories takes into account, among other things, their nature, purpose, amount, duration, risks and guarantees. The limit beyond which interest is always deemed usurious is established by the Usury Law and by the Usury Instructions through the identification of certain thresholds (the "Threshold Rates"), which coincide with the TEGM resulting from the last survey contained in the Decreto Rilevazione, with respect to the category of the transactions in which the credit is included, increased by a quarter and by a margin of further four percentage points; in any case, the difference between the threshold and the average rate cannot exceed eight percentage points.

Among the regulations that are significant for the Issuer's activity, we note, in addition to the single supervisory mechanism, the recently revised Directive BRRD (Directive 879/2019/EU - Bank Recovery and Resolution Directive "BRRD II"), which provides for a single resolution mechanism for banking crises and introduces the principle of "bail-in" or "internal bail-out". According to this principle, the regulator may provide that, within the management of a banking crisis, the stakeholders of the banking institution may suffer losses according to their seniority with the exclusion, among other liabilities, of deposits guaranteed by the Interbank Deposit Protection Fund up to the amount of Euro 100,000.

In the event of a crisis situation, as a result of which the Issuer is subject to resolution procedures, the Issuer's shares may be written down and/or its receivables may be cancelled or substantially reduced; in addition, the Issuer's shareholders may see their shareholdings strongly diluted if other liabilities are converted into shares at conversion rates that are particularly unfavourable to them. The claims of other parties than shareholders could participate in the losses in the participation order described above. The introduction of the bail-in could lead to

additional impacts such as higher funding costs.

Significant measures are also:

- the Basel III agreements, mainly aimed at strengthening minimum capital requirements, limiting the degree of leverage and introducing policies and quantitative rules to mitigate the liquidity risk in banking institutions.

With regard to capital requirements, the Basel III agreements foresee - as of 2019 - the introduction of a capital conservation buffer for banks (so-called "capital conservation buffer", i.e. a "buffer" of further compulsory capitalization), which raises (i) the Common Equity Tier 1 (CET 1) ratio to at least 7% of risk-weighted assets, (ii) the Tier 1 ratio to at least 8.5% of risk-weighted assets and (iii) the Total Capital ratio to at least 10.5% of risk-weighted assets. In addition, the Basel III agreements introduced the Leverage Ratio, which measures the degree to which the Tier 1 capital is covered in relation to the Banking Group's total exposure. This ratio is calculated considering assets and off-balance sheet exposures. The objective of the indicator is to contain the degree of indebtedness on the banks' balance sheets. The ratio, as of 30 June 2021, is subject to a minimum regulatory limit of 3%.

- The Regulation (EU) 2019/876 of the Parliament and of the Council, amending Regulation (EU) 575/2013 (so-called "**CRR II**");
- the Directive of the Parliament and of the Council 2019/878/EU, amending Directive 2013/36/EU (so-called "**CRD V**") with regard to leverage ratio, net stable funding ratio, own funds and eligible liabilities requirements, counterparty risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements imposed on credit institutions;
- the CRR Quick-fix (*i.e.* Regulation (EU) 873/2020) which, in response to the economic situation caused by the COVID-19 pandemic, anticipated the application of some of the regulatory innovations introduced by CRR II and CRD V as early as 30 June 2020. Among these measures is included the 35% weighting of exposures to salary-backed loans and the satisfaction of the P2R also with non-primary capital instruments;
- the Directive 2014/49/EU (Deposit Guarantee Schemes Directive or "**DGSD**") of 16 April 2014 and the Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014 (Single Resolution Mechanism Regulation, - cd. "**SRMR**"), recently amended by the Regulation (EU) 2019/877 which will be applicable from 20 December 2020 ("**SRMR II**"): these regulations may have a significant impact on the Bank's and the Group's economic and capital position as they impose the obligation to set up specific funds with financial resources that must be provided through contributions from credit institutions.

Italian and European initiatives on the provisioning of non-performing loans:

With specific reference to the management, monitoring and valuation of non-performing exposures, it should be noted that on 20 March 2017, the ECB published final guidelines - addressed to European banks, especially to those with levels of gross non-performing loans ("**NPLs**") higher than the European average - on the management of non-performing exposures. In this context, the following should be noted:

- the document defines the measures, processes and best practices that banks should adopt in the treatment of NPLs. The document has been drafted taking into account best practices at the European level;
- Banks are urged to implement ambitious but realistic strategies - including divestments - for the reduction of NPLs;

- the guidelines constitute the basis for structuring ongoing supervisory dialogue with the banks (through joint supervisory teams); governance is one of the aspects considered.

The ECB expects banks to fully adhere to such guidelines (which are also immediately applicable), consistently with the significance and extent of the NPLs amount in their portfolios, but without prescribing quantitative targets for NPLs reduction. Instead, it requires banks to develop a strategy that encompasses a range of options including, for example, NPLs recovery policies, servicing and portfolio sales.

It is expected that the ECB's recommendations will significantly influence the accounting practices already in place and, in addition, it is possible that the alignment of the strategies, policies and processes, including valuation, currently applied to the "best practices" identified by the ECB, will have a significant impact on the Group's and/or the Issuer's financial and economic situation.

Among the measures adopted to contain the stock of non-performing exposures ("NPEs") at European banks, a series of interventions by the regulators are also planned, which share the objective of ensuring prudent management of NPEs while preventing the excessive accumulation of impaired loans with a high level of seniority and low collateralisation on the banks' balance sheets. More specifically, these interventions are aimed, on the one hand, at better defining the prudential rules, and, on the other, at the implementation of the aforementioned regulatory provisions, by outlining more clearly the reference context in which they are going to be implemented.

With reference to the prudential area, it should be noted:

- *"Addendum to the ECB Guidance to Banks on nonperforming loans: supervisory expectations for prudential provisioning of nonperforming exposures"* - partially amended by the ECB Communication (*"Communication on supervisory coverage expectations for NPEs"*) dated 22 August 2019 - issued by the ECB to accommodate bank supervisory expectations on prudential provisions which, if not met, could result in a higher consolidated capital requirement to be met from 2021 onwards.

The addendum introduces a minimum level of prudential provisions for non-performing loans, differentiated according to the collateral backing such loans and their seniority, with 100% of the prudential provisions to be reached at the end of the second year for unsecured loans and the seventh year for secured loans. The addendum, published by the ECB on 15 March 2018, complements the aforementioned March 2017 ECB guidance in relation to expectations on provisioning and write-off policies for positions disbursed before 26 April 2019 and classified as NPE after 1 April 2018, for all banks directly supervised by the ECB. In line with the provisions of the CRR, the expected level of provisioning depends on the type of exposure, secured (based on the type of underlying collateral) and unsecured, as well as the period of permanence as impaired (i.e. *vintage*).

With the amendments introduced on 22 August 2019 by its Communication (*"Communication on supervisory coverage expectations for NPEs"*), the ECB aligns the expectations of banking supervision on prudential provisions with the timetable and grids set out in CRR II, but with reference to the exposures disbursed before 26 April 2019 and classified as NPEs after 1 April 2018. The Communication foresees that the ECB will assess at least on an annual basis the divergences between its supervisory expectations and the actual provisions of the banks and, in the event of deviations, to request additional Pillar II capital requirements.

- "Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) 575/2013 as regards minimum loss coverage for non-performing exposures": Regulation (EU) 2019/630 defines the mandatory Pillar I prudential requirements referring to the exposures disbursed after 25 April 2019 and subsequently classified among NPEs. The new regulation imposes a deduction from CET1 (Pillar I requirement) for impaired exposures not sufficiently covered by provisions or other adjustments.

Minimum coverage levels on non-performing exposures are defined by distinguishing between: (i) unsecured exposures - for these types of exposures 100% coverage is expected within 3 years of classification as NPE; (ii) exposures secured by real estate collateral and residential real estate loans secured by an eligible protection provider under Article 201 of the CRR (e.g. mortgages eligible for the *Fondo di garanzia per i mutui per la prima casa*) - for these types of exposures a 100% coverage is expected within 9 years of classification as NPE; (iii) exposures secured by other collateral, provided that such collateral is eligible under the relevant regulation - such exposures are expected to be 100% covered within 7 years of being classified as NPE - including exposures guaranteed by official export credit agencies or eligible protection providers with particular characteristics as set out in Regulation (EU) 575/2013 - such exposures are expected to be 100% covered within 5 years of being classified as NPE.

Minimum coverage levels also depend on the period of time that exposures remain impaired (so-called vintage).

- "*EBA Guidelines on management of non-performing and forbore exposures*": the guidelines, published in October 2018 and in force since 30 June 2019, establish a threshold of 5% (percentage of gross NPL ratio at consolidated, sub-consolidated or individual level) which, if reached or exceeded, should determine the definition of an ambitious and realistic NPE reduction strategy, as well as the need to ensure governance and an organisational set-up of NPE management in line with what is indicated in the document.
- "*EBA Guidelines on disclosure of non-performing and forbore exposures*": the guidelines, published in December 2018 and in force since 31 December 2019, specifies the content and uniform disclosure formats to be used by credit institutions for disclosures concerning non-performing exposures, exposures subject to forbearance measures and pledged assets.
- "*EBA Opinion of the European Banking Authority to the European Commission on the Regulatory Treatment of Non-Performing Exposure Securitizations*": this document, published on 23 October 2019, proposes to adapt the CRR and Regulation (EU) 2017/2401 to the particular nature of NPEs by removing certain regulatory barriers to the use of securitisations of loans of this type. While making its proposal to the Commission, EBA pointed out that securitisations are an effective tool for the disposal of NPEs as, compared to bilateral sales, it allows to segment the risk associated with the securitised exposures and, therefore, to attract investors with a different Risk Appetite.
- Communication from the Commission to the European Parliament, the Council and the European Central Bank on tackling non-performing loans in the aftermath of the COVID-19 pandemic, COM(2020) 822: in December 2020, the Commission published a new Action Plan on NPLs, in which it proposed a set of actions with four main objectives in order to avoid a new accumulation of NPLs on banks' balance sheets: (i) facilitate the further development of the secondary markets for distressed assets (in particular the finalisation of the directive on credit managers, credit buyers and collateral recovery; creation of the data hub at European level; revision of EBA templates to be used during the disposal of NPLs); (ii) reform EU legislation on corporate insolvency and debt recovery; (iii) support at the EU level the set-up of national asset management companies and their cooperation; (iv) implement precautionary public support measures in accordance with the EU Bank Recovery and Resolution Directive and State aid frameworks.

Measures to deal with the impact of the "COVID-19" virus on banks:

- On 10 March 2020, the Agreement between ABI and the Business Associations became effective, whereby the possibility of requesting a suspension or extension was extended to loans granted until 31 January 2020. The moratorium refers to loans (and related ancillary elements, including derivative contracts) to businesses damaged by the COVID-19 pandemic. The suspension of the payment of the principal of the loan instalments may be requested for a period up to one year. The suspension applies to medium and long-term loans (mortgages), including those perfected through the issuance of agricultural debt securities,

and to leasing operations, whether property or real estate. In the latter case, the suspension concerns the implicit principal of the leasing instalments.

- On 11 March 2020, ESMA issued the following recommendations to market participants for managing the possible impacts of COVID-19 on financial markets:
 - (i) *Business Continuity Planning*: all financial market participants, including infrastructures, should be prepared to implement their contingency plans, including the use of business continuity measures, to ensure business continuity in line with regulatory obligations;
 - (ii) *Market disclosure*: issuers must disclose as soon as possible any material information regarding the impacts of COVID-19 on their business, prospects or financial situation in accordance with the transparency requirements under the Market Abuse Regulation (EU) 596/2014 (MAR);
 - (iii) *Financial reporting*: issuers must ensure transparency on the actual and potential impacts of COVID-19, as much as possible on the basis of both a qualitative and quantitative assessment of their business, financial position and results of operations in their 2019 year-end financial report, if these have not yet been finalised or otherwise in their interim financial reporting;
 - (iv) *Fund management*: fund managers must continue to apply the risk management requirements and react accordingly.
- On 12 March 2020, the Governing Council of the European Central Bank adopted a comprehensive set of monetary policy measures to support liquidity and financing conditions for households, businesses and banks and to help preserve the level of supply of credit to the real economy. These measures include the temporary conduct of additional longer-term refinancing operations (LTROs), applying considerably more favourable conditions during the period from June 2020 to June 2021 to all LTRO-III operations outstanding during that period, as well as an additional temporary provision of EUR 120 billion for additional net asset purchases until the end of 2020.
- On 17 March 2020, the *Cura Italia* Decree was adopted. The *Cura Italia* Decree, aimed at providing a response to the emergency situation, also from an economic and financial perspective, is divided into five titles: Title I - Measures to strengthen the National Health System (Articles 1-18); Title II - Measures to support employment (Articles 19-48); Title III - Measures to support liquidity through the banking system (Articles 49-59); Title IV - Fiscal measures to support the liquidity of households and businesses (Articles 60-71); Title V - Additional provisions (Articles 72-127).

The *Cura Italia* Decree contains, *inter alia*, the provisions relating to *moratoria* or, more generally, periods of suspension of mortgage instalments (and related ancillary elements, including derivative contracts) under certain conditions for a wide range of different types of subjects (both retails and professionals) in order to mitigate the economic consequences of the pandemic.

- On 25 March 2020, the EBA published a clarification explaining a number of additional interpretative issues related to the classification of defaulted loans, the identification and treatment of forbore exposures, debt *moratoria* and contactless payment services.
- On 27 March 2020, the Governing Body of the Basel Committee on Banking Supervision approved a set of measures to ensure additional operational capacity for banks and supervisors in response to the COVID-19 outbreak. The measures provide for the extension by one year (i.e. to 1 January 2023) of the implementation deadlines of the Basel III package:
 - (i) with respect to the implementation of the Basel III risk assessment measures finalised in December 2017 (instead, the accompanying transitional arrangements for the so-called output floor have been

extended by one year to 1 January 2028);

(ii) with respect to the implementation of the revised market risk framework finalised in January 2019;

(iii) with respect to the implementation of Pillar III disclosure requirements, finalised in December 2018.

- On 27 March 2020, the European Central Bank published a recommendation in which it invited significant banks, at least until 1 October 2020, (i) not to pay dividends and not to irrevocably agree to pay dividends for the financial years 2019 and 2020, as well as (ii) to refrain from carrying out share buy-backs aimed at remunerating shareholders. This recommendation was repealed and replaced by a new ECB recommendation published on 27 July 2020 in which the ECB extends the period during which credit institutions should not pay dividends and should not repurchase shares until January 2021. On 15 December 2020, the ECB issued a further recommendation in which it repealed the previous recommendations and instead recommended that, until 30 September 2021, significant credit institutions should exercise the maximum caution when making decisions on dividends or on their distribution or on the repurchase of own shares in order to remunerate shareholders. On 23 July 2021, the ECB published its decision not to extend the recommendation on the dividend limit beyond September 2021. Each bank's capital and distribution plans will then be evaluated by supervisory Authorities as part of the normal supervisory process. At the same time, the ECB emphasised that institutions should remain prudent and not underestimate risks in their dividend and share buy-back decisions, carefully considering the sustainability of their business model.
- On 8 April 2020, the *Liquidità* Decree was approved, adopting exceptional measures to guarantee liquidity to companies and, in addition, some specific instruments were approved, partly similar to those of other states and suggested in the CERIL statement ("*Conference on European Restructuring and Insolvency Law*"), to facilitate the management of companies and insolvency proceedings in the period of emergency.
- On 16 April 2020 (*ECB - "Temporary relief for capital requirements for market risk"*), the European Central Bank announced a potential temporary reduction in capital requirements for market risk, allowing banks to adjust the supervisory component of these requirements, with the aim of responding to the extraordinary levels of volatility experienced in financial markets since the outbreak of the coronavirus (COVID-19): in addition to mitigating pro-cyclicality, this measure aims to maintain banks' ability to provide liquidity to the market and to continue market making activities. With this decision, the ECB allows for a reduction in the qualitative market risk multiplier - established by the Supervisory Authorities - in order to compensate for any observed increase in another factor, the quantitative multiplier (resulting from backtesting), which may increase when market volatility has been higher than predicted by the bank's internal model.
- On 28 April 2020, the European Commission announced the adoption of a number of measures for banks to facilitate the provision of credit to households and businesses within the European Union and to mitigate the economic impact of COVID-19.

In particular, the package of measures includes:

- an interpretative communication by which the European Commission encourages banks and supervisors to use flexibility within the EU accounting and prudential framework. For example, the Communication confirms and encourages the use of the flexibility offered by EU rules regarding public and private moratoria on loan repayments (EBA Guidelines of 2 April 2020), highlights the areas where banks are encouraged to act responsibly by not paying dividends to shareholders or adopting a prudent approach to variable remuneration payments, and recalls the help that can be offered to businesses and citizens through digital services; and

- a proposal to amend Regulation (EU) 575/2013. The Commission proposes "rapid" and targeted measures of a temporary nature, including an adaptation of the timetable for the application of international accounting standards in relation to banks' capital requirements, a more favourable treatment of Government guarantees granted during the crisis, the postponement of the date of application of the leverage ratio reserve requirement and a change in the way of excluding certain exposures from the calculation of the leverage ratio.
- On 19 May 2020, Decree-Law No. 34 of 19 May 2020 (the so-called "*Decreto Rilancio*") was published in the Official Gazette, later converted into Law No. 77/2020 of 17 July 2020, which introduced urgent measures regarding health, support for work and the economy, as well as social policies, related to the epidemiological emergency from COVID-19. Some of the provisions (effective only until 31 December 2020) are aimed at using public leverage to strengthen companies' capital, and are therefore suitable for preventing the risk of companies' insolvencies.
- On 28 July 2020, the ECB communicated its expectations regarding the management of credit portfolio quality in the context of the COVID-19 emergency, so that banks can support businesses that are experiencing or are at risk of experiencing difficulties as a result of the pandemic.
- In August 2020, the Decree-Law no. 104 of 14 August 2020 (the so-called "*Decreto Agosto*"), converted into Law no. 126 of 13 October 2020, was issued, containing, among other things, a number of urgent measures relating to health, support for work and the economy, linked to the COVID-19 emergency. Among the measures envisaged: (i) extended the *moratorium* provided for by the *Cura Italia* Decree for SMEs until 31 January 2021 (previously 30 September 2020) and for companies in the tourism sector until 31 March 2021; (ii) introduced some technical changes to the possibility provided by Article 55 of Decree-Law no. 18/2020 to convert DTAs into tax credits (application to special regimes, such as consolidation and transparency); (iii) extended the SACE guarantee scope also to companies that have been admitted to the procedure of *concordato* with business continuity (or *piani attestati* and restructuring agreements) under certain conditions.
- In October and November 2020, the Council of Ministers issued the Decree-Law No. 137 of 28 October 2020 (the so-called "*Decreto Ristori*") and the Decree-Law No. 149 of 9 November 2020 (the so-called "*Decreto Ristori 2*"), which introduce further urgent measures for the protection of health and for the support for workers and the production sectors, as well as justice and security measures related to the COVID-19 pandemic.
- On 23 November 2020, the Decree of the Ministry of Economy and Finance, No. 169 (the "**Decree 169**") was issued, containing regulations on the requirements and criteria for eligibility to hold office of corporate officers of banks, financial intermediaries, confidi, electronic money institutions, payment institutions and depositor guarantee schemes. Decree 169 aims to significantly strengthen the suitability standards for corporate officers, by raising the requirements already provided for in the current regulations, and by introducing additional profiles that make the new rules more stringent than the current ones and more suitable for assessing situations which do allow an automatic assessments but require a case-by-case approach.
- Among the measures aimed at tackling the COVID-19 emergency, the package of proposals published by the European Commission on 24 July (the so-called "Capital Markets Recovery Package") introduced targeted amendments to the Directive 2014/65/EU ("**MiFID II**"), the Securitisation Regulation and the Prospectus Regulation. In particular, the proposal aims to provide European economies with the best conditions to exit the current crisis due to the COVID-19 pandemic. Regarding MiFID II, the proposed amendments refer to: i) investor protection, ii) commodity derivatives and iii) research regime for SMEs. Regarding the Securitisation Regulation, the proposal foresees the revision of the requirements related to the securitisation of non-performing exposures (NPEs) by proposing a prudential treatment for the

synthetic excess spread (SES), a reduction of the risk weight assigned to senior tranches and the extension of the preferential treatment to all synthetic securitisations that comply with the requirements of simplicity, standardisation and transparency to help banks free up capital and allocate the capital to loans to help the economy, in particular to SMEs. Finally, as regards the proposed amendments to the Prospectus Regulation, the European Commission proposes a new category of simplified prospectus to facilitate raising capitals in financial markets.

On 15 December 2020, the Council approved amendments to the MiFID II and to the Prospectus Regulation. The text of the adopted legislative acts was signed on 16 February 2021 and published in the European Official Journal on 26 February 2021. The amendments to MiFID II entered into force on the day following their publication and Member States will be required to transpose them into national law within nine months of that date. The measures will apply 12 months after the entry into force of the Directive. The amendments to the Prospectus Regulation will enter into force on the 20th day following the date of their publication. Finally, following the vote in Parliament at the end of March, Regulation (EU) 2021/557 introducing amendments to the Securitisation Regulation and Regulation (EU) 2021/558 amending Regulation (EU) 2013/575 to ensure additional tools to promote economic recovery in the aftermath of the COVID-19 crisis were published in the European Official Journal on 6 April 2021. Both regulations entered into force on 9 April 2021.

- In addition, on 1 January 2021, the new definition of default set out in the European Regulation on prudential requirements for credit institutions and investment firms (Article 178 of Regulation (EU) 575/2013) came into force. The definition of default concerns the way in which banks and financial intermediaries must classify customers for prudential purposes. The new definition introduces criteria that are, in some cases, stricter than those provided before.
- The 2021 Budget Law (Law No. 178 of 30 December 2020) extended the "SACE Guarantee" until 30 June 2021 and provided SMEs (companies with no more than 499 employees) access to the SACE Guarantee from 1 March 2021 to 30 June 2021 at the same favourable terms offered to such companies by the SME Guarantee Fund. In addition, the extraordinary measures relating to the Guarantee Fund for SMEs and the extraordinary *moratorium* for micro-enterprises and SMEs (envisaged by Article 56 of the *Cura Italia* Decree) were extended until 30 June 2021. Finally, the operation of the *Fondo Patrimonio PMI* (Article 26 of the *Decreto Rilancio*) was extended until 30 June 2021.
- In March 2021, the Council of Ministers issued the Decree Law No. 41 of 22 March 2021 (the so-called "*Decreto Sostegni*"), which introduced a non-refundable contribution aimed at all companies and self-employed persons with a 30% reduction in turnover compared to 2019. Subsequently, the "*Sostegni-bis*" Decree Law (of 25 May 2021, no. 73, converted into law by Law no. 106 of 23 July 2021) further extended the extraordinary public guarantees issued by SACE and by the SME Guarantee Fund until 31 December 2021 (including the possibility for SMEs to access the SACE Guarantee under the same conditions as the one provided for by SME Guarantee Fund). For operations with a SACE guarantee, the possibility of extending the duration of the loan against payment of a commission has also been provided for, while for operations with a guarantee issued by the Guarantee Fund for SMEs, the extension is possible against a reduction in the guarantee percentages. In addition, the extraordinary *moratorium* for micro-enterprises and SMEs has been further extended until 31 December 2021, limited only to the principal amount. Further measures of the Decree Law include: the strengthening of the ACE for 2021 through the application of the 15% rate and the extension of the temporal effectiveness of the measures on the transformation of DTAs into tax credits in the case of business combinations.

Recent events are to a material extent relevant to an evaluation of the Issuer's solvency

The are no recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency.

Credit ratings assigned to the Issuer

As at the date of this Base Prospectus the credit rating agency DBRS Rating GmbH ("**DBRS**") assigned to Banca Akros the following ratings:

Long-term Deposits / Trend	BBB / Negative ⁽¹⁾
Short-term Deposits / Trend	R-2 (high) / Negative ⁽²⁾
Long-term Senior debt and Long-term Issuer Rating / Trend	BBB (low) / Negative ⁽³⁾
Short-term Debt and Short-term Issuer Rating / Trend	R-2 (middle) / Negative ⁽⁴⁾

⁽¹⁾ BBB / Negative: The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

⁽²⁾ R-2 (high) / Negative: Upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

⁽³⁾ BBB (low) / Negative: The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

⁽⁴⁾ R-2 (middle) / Negative: Adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events or may be exposed to other factors that could reduce credit quality.

DBRS also assigned to the Issuer a support assessment equal to SA1. DBRS took into consideration the direct participation of the Parent Company Banco BPM, equal to 100% of the Issuer's share capital, as well as its strategic importance within the Group, the financial performance and the increasingly central role of the Group's Corporate & Investment Banking business division. This assessment therefore presupposes significant and predictable support from the Parent Company. On the basis of a support assessment at level SA1, the Issuer's ratings are equal to the level of those of the Parent Company.

DBRS is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended and appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Information on the material changes in the Issuer's borrowing and funding structure since the last financial year

Since the last financial year, there have been no material changes in the Issuer's financing and borrowing structure.

Description of the expected financing of the Issuer's activities

The Issuer is not required to comply with liquidity indicators at the individual level, but only at the Group level.

The Group's liquidity remains at high levels: as at 31 December 2020 both the regulatory indicators Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), adopted also as internal metrics for measuring the liquidity risk, are well above the fully phased-in minimum requirements provided by Regulation (EU) 575/2013 and Directive 2013/36/EU.

As at the end of December 2020, the amount of liquidity reserves that can be allocated to the European Central

Bank, available (net of the haircut) and not used, is equal to Euro 20 billion. To these are added Euro 14.8 billion of excess liquidity deposited with the European Central Bank and Euro 1.8 billion of high quality assets lent to other counterparties and available in the short term. In addition to the liquidity reserves described above, there are Euro 2.9 billion (net of specific haircuts defined internally) of other securities that cannot be allocated to the European Central Bank.

The Loan to Deposit Ratio (LTD), calculated as the ratio between Net loans and Direct funding, is equal to 93.5% as at 31 December 2020 (96.7% as at 31 December 2019).

The Group's participation in ECB financing operations (MRO / TLTRO II / TLTRO III) as at 31 December 2020 amounted to Euro 27.4 billion (6.6 billion more than as at 31 December 2019).

BUSINESS OVERVIEW

Description of the principal activities, the main categories of products sold and/or services performed, any significant new products or activities and principal markets in which the issuer competes

The Issuer, before the merger between Banco Popolare and BPM, exercised the Investment Banking and Private Banking activities within the BPM Group.

Following such merger, in compliance with the industrial model of the new Group, Banco BPM has the strategic direction and management role of the structural risks related to the financial activities; the Investment Banking activities are concentrated in Banca Akros; and the Private Banking and Wealth Management activities are centralized in Banca Aletti. In particular, the organisational model adopted by the new Group provides for the centralization of risk positions:

- on the Parent Company for investment portfolios in securities, with the main focus on generating interest margin;
- on the subsidiary - Banca Akros - for risk positions and operating flows relating to the trading of securities, over-the-counter derivatives and other financial assets; in particular: (i) risk positions arising from trading on the secondary market of bonds issued by the Group; (ii) risk positions relating to over-the-counter derivative transactions concluded by Group banks with their customers.

It should also be noted that on 24 May 2017 - following the completion of the merger between BPM and Banco Popolare - the Issuer's Board of Directors approved two partial proportional divisions without exchange ratio projects that envisage the assignment: (i) by Banca Aletti to Banca Akros, of the business division comprised of the assets and resources organised to carry out the Private Banking activity; and (ii) by the Issuer to Banca Aletti, of the business division comprised of assets and resources organised to carry out the Corporate & Investment Banking activity. In this respect, the European Central Bank issued the authorization by communication dated 18 October 2017. The extraordinary shareholders' meetings of Banca Akros and Banca Aletti approved the two division projects on 20 and 21 November 2017, respectively.

On 1 April 2018, the assignment of the Private Banking division of the Issuer to Banca Aletti became effective. On 1 October 2018, the assignment of the Corporate & Investment business division of Banca Aletti to the Issuer became effective.

Starting from the date on which the assignment by Banca Aletti to the Issuer became effective, the certificates issued by Banca Aletti - at that time in circulation - were assigned to Banca Akros. Therefore, these certificates are to be considered as issued by Banca Akros. In addition, Banca Akros fully replaced Banca Aletti in the ownership of the assets and liabilities and of the legal relationships assigned to it relating to the Corporate & Investment Banking division, as described in detail in the division project, pursuant to article 2506 *bis* of the Italian Civil Code.

On 17 January 2019 the deed was signed for the merger by incorporation into Banco BPM of SGS and BP Property Management. The operation took place according to the simplified procedure pursuant to art. 2505 of the Italian Civil Code which governs the merger of companies wholly owned by the incorporator as a result of the purchase by the Parent Company, in January, of the stakes in the two consortia held by other Group companies. The merger will take legal effect from 11 February 2019 following the registration of the merger deed in the competent Companies Registers; the accounting and tax effects are brought forward to 1 January 2019. The merger took place without an exchange ratio or cash adjustment and determined the winding up of the incorporated companies of Banco BPM Banking Group with effect from 11 February 2019. In view of the above, it is noted that on 17 January 2019 Banca Akros transferred to the Parent Company the shares held in SGS for a carrying value of 5,034 thousand Euro.

Finally, it should also be noted that:

- the meeting of the Board of Directors of 28 July 2017 approved the outsourcing to SGS and the Parent Company of activities previously carried out by Banca Akros. In particular, the operational corporate functions of Information Technology (including, inter alia, Logical Security and Business Continuity) and Back/Middle Office have been centralised in SGS (later incorporated into Banco BPM); in the Parent Company, the main administrative and control functions (Risk Management, Audit, Administration and Financial Statements, Legal, Organisation, etc.); and
- the meeting of the Board of Directors of 30 May 2018 approved the outsourcing to Banca Akros S.p.A. of the activities of Banco BPM and BPM S.p.A. carried out by the sales staff and specialists of hedging activities.

Investment services

Banca Akros is authorized to provide the following investment services in Italy pursuant to Article 1(5) of the Italian Consolidated Financial Act: (i) dealing on own account; (ii) dealing for customer account; (iii) underwriting and/or placement with irrevocable commitment to the issuer; (iv) placement without an irrevocable commitment to the issuer; (v) portfolio management; (vi) reception and transmission of orders; and (vii) investment advice.

Indication of any significant new products or activities

There are no new products and / or significant new activities supplied by the Issuer.

Principal markets in which the issuer competes

The Issuer's activities are mainly carried out on the Italian and European financial market.

In this context, the Issuer has confirmed and strengthened its first position in brokerage activities on the listed fixed income market, with traded values equal to 21.02% of the total market (19.67% in 2019). In details, the value of the bond brokerage sees, for the year 2020, Banca Akros in first place on the following markets: DomesticMOT, EuroMOT, ExtraMOT and HiMTF, with market shares respectively equal to 20.39%, 28.61%, 27.07% and 31.72%.

Positive results have been achieved by the Issuer also in the stock brokerage on the domestic markets, where the Bank ranks fourth among the Italian and foreign intermediaries active on the Mercato Telematico Azionario di Borsa Italiana (as in 2019), with a market share of 9.10%, compared to 10.72% recorded in 2019, also due to the strong increase of online brokers, as direct consequence of the operating procedures imposed by the pandemic (Source: Assosim). Banca Akros also ranks second on the ETF market (ETFPLUS) and third on the trading of certificates (SEDEX), with a market share of, respectively, 13.03% and 19.88% (10.37% and 25.47% in 2019). The excellent performance on the ETF market was also achieved thanks to the contribution of SABE ETF, the proprietary system for the automatic search for dynamic best execution in accordance with MiFID II provisions,

for banking and institutional customers.

On the AIM Italian market, the SMEs market, which has grown considerably in recent years, the Bank ranks fourth in third party trading, with a market share of 10.85% (fifth place in 2019).

With reference to the entire Italian stock market, Assosim places Banca Akros in the fourth absolute position by traded turnover, with a market share of 8.51%.

Operations also continued positively on the Equiduct market, managed by Börse Berlin, where Banca Akros is confirmed as the leading Italian operator.

In the specialist and corporate broker activity for issuers listed on the Borsa Italiana markets, 35 mandates were registered at the end of 2020, including 6 new ones. At the end of 2019, 40 mandates were concluded.

The role of financial research carried out by the Bank, particularly in the equity segment, is fundamental for the generation of ideas and investment allocation proposals for asset managers, insurance companies, family offices and institutional investors (not only Italian). Thanks to the ESN Llp network, the equity research company owned by four European banks and brokers, the characteristics of independent judgment and the quality of the recommendations make Banca Akros' financial analysis a reference point in the support of brokerage activities and, in general, all the commercial activities of the Bank.

In brokerage on behalf of third parties on Borsa Italiana's regulated derivatives markets, Banca Akros ranks third in options on the FTSE Mib Index, with a market share of 6.16% (first place in 2019), at sixth place in stock options, with a market share of 2.57% (eighth place in 2019) and tenth place in the index futures market (third place in 2019). The restrictive measures on net short positions in place from March to May 2020 have limited customers' operations on these financial instruments.

Activities on the German EEX energy derivatives market continued positively, with an upward trend in volumes traded on behalf of customers active in trading and risk hedging transactions in the related sectors.

Reflections are still underway on the changes to the MiFID legislation and the effects of Brexit in the field of financial intermediation, given the importance of the London market on trading and settlement of financial instruments.

Basis for any statements made by the issuer regarding its competitive position

The information relating to the Issuer's competitive position referred to in the previous paragraph is based on Assosim's Report of 2020 (*Rapporto ANNO 2020 Dati sui volumi di negoziazione delle Associate – Area Compliance, Markets & Operations 27 gennaio 2020*) and on the information and data derived from the Issuer annual financial statements for the financial year 2020.

ORGANISATIONAL STRUCTURE

The Issuer is a bank belonging to the Banco BPM Banking Group. Banco BPM is the operating Parent Company of the Group, with functions of guidance, governance and control of the Group and exercises the functions of management and coordination.

The Group has the following objectives:

- Traditional Banking Activities: focus on customer development and cross selling, through an offer diversified by customer sub-segment and the simplification of processes and products;
- Corporate & Investment Banking: creation of a specific division, increase in the wallet share of value added services, growth in corporate hedging & advisory, arrangement and placement of structured

financial products, development of synergies with private banking and enhancement of the skills of Banca Akros S.p.A. and Banca Aletti;

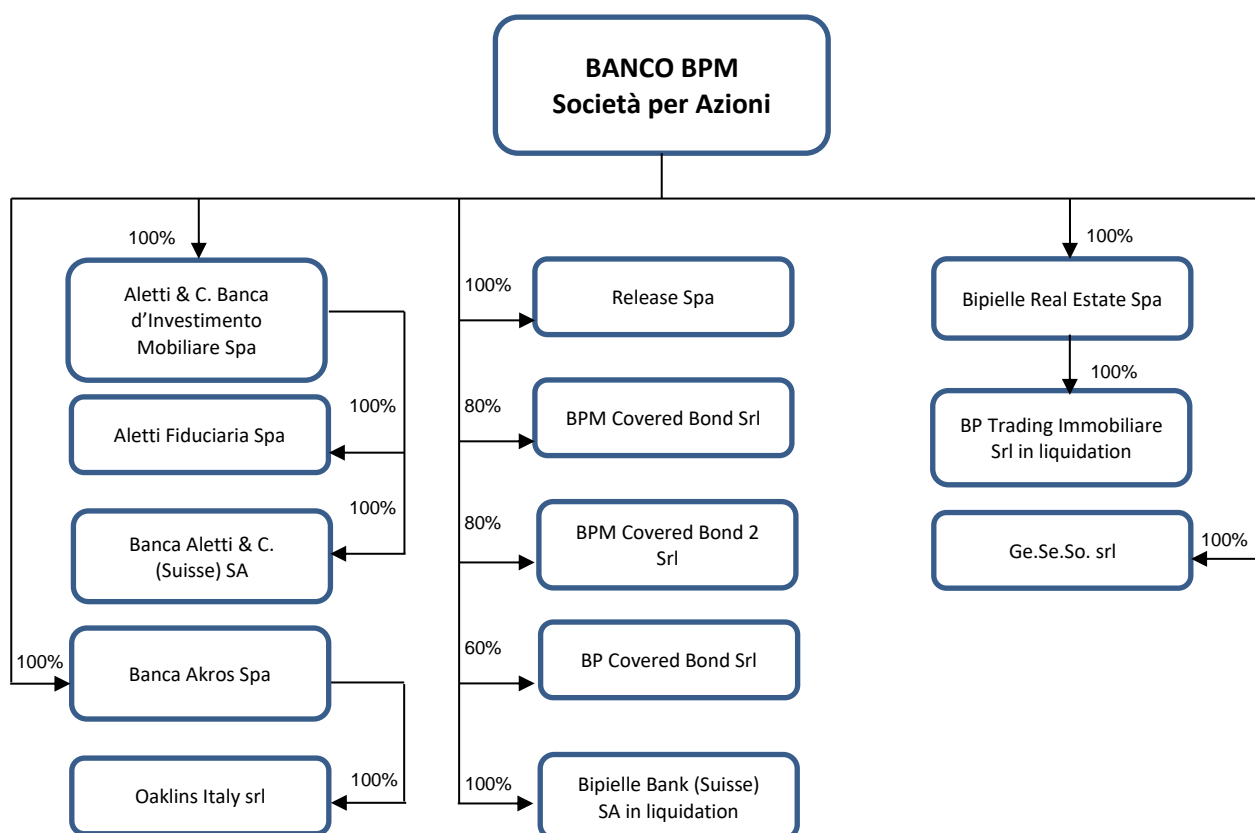
- Private Banking: renewed customer proposition with the offer of an extensive catalogue of products and services, with the evolution of the business model from investment management to asset management and collaboration and cross selling with the Corporate Division and with the "Corporate" segment.

The Group's business model is divided into three main pillars:

- a commercial bank proposal, dedicated to small business, affluent and mass market customers, characterised by a highly integrated multi-channel distribution model and a complete and rational range of banking products and services;
- a service model for corporate and enterprise customers based on a dedicated business unit and close collaboration with the Group's new investment bank under the Banca Akros S.p.A. brand;
- a bank dedicated to the service of all the Group's "private" clientele, which will leverage the Banca Aletti brand, positioning itself as the third largest private bank in the country in terms of number of customers and administered assets.

STRUCTURE OF THE GROUP

The structure of the Group, as at the date of this Base Prospectus, is as follows (as at 1 November 2021):



As part of the initiatives aimed to rationalise the Group's corporate and operational structure, the subsidiaries Bipielle Real Estate S.p.A. and Release S.p.A. are planned to be merged into the Parent Company in the first months of 2022.

Dependence of the Issuer within the Banco BPM Group

Pursuant to article 2497 of the Italian Civil Code, the Issuer is subject to management and coordination of the Parent Company Banco BPM, which holds directly 100 per cent. of the fully subscribed and paid up share capital of the Issuer.

The Parent Company exercises its management and coordination functions in all areas, including through the appointment of its own representatives on the Board of Directors of the Issuer. The management and coordination functions are exercised through group committees which have the task of directing, coordinating and controlling the activities of the all its subsidiaries.

Within the Group, the Corporate & Investment Banking activities are concentrated in Banca Akros.

TREND INFORMATION

Any material adverse change in the prospects of the issuer and any significant change in the financial performance of the Group

Since 31 December 2020, being the date of the last audited annual financial statements of the Issuer, there has been no material adverse change in the prospects of the Issuer, without prejudice to what has been indicated in relation to the spread of COVID-19 and the negative consequences of the pandemic on the economy, on the financial markets and, therefore, on business opportunities that might affect the performance of the Issuer.

Since 31 December 2020, being the date of the last audited annual financial statements of the Issuer, there has been no significant change in the financial performance of the Group.

Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year

The Issuer is not aware of any information on trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects at least for the current year, without prejudice to what has been indicated in relation to COVID-19 emergency and its impacts on the macroeconomic and sector contexts.

With regard to the evolution of medium-long term operations, the Board of Directors of the Parent Company approved the 2021-2024 Business Plan on 4 November 2021, which defines the new objectives for the 2021-2024 time horizon.

It should be noted indeed that in March 2020 the 2020-2023 Strategic Plan was approved, which, being based on assumptions and objectives determined prior to the adoption of the restrictive measures relating to the COVID-19 emergency, cannot be considered currently valid anymore.

Having said that, the global framework continues to be characterized by the effects of the COVID-19, with prospects strictly dependent on both its evolution and the measures taken to contain its impacts on economic activities. With reference to the Group's operating performance in 2021, the external context will inevitably continue to be a significant conditioning factor. Even the first half of the 2021 financial year has been strongly affected by the health emergency related to the COVID-19. It should be noted, however, that after a weak start of the Italian and European economy in the first quarter of 2021, conditioned by the effects of the third wave of COVID-19, the intensification of vaccination campaigns has allowed an improvement in the economic situation. However, some worries have been raised in connection with the spread of variants of the virus and, for this reason, some elements of uncertainty remain as to how production activities will be able to recover after the

events that characterized the 2020 financial year. In this context, the Group has continued to implement the measures launched during 2020 aimed at the protection of customers and employees.

PROFIT FORECASTS OR ESTIMATES

This Base Prospectus does not include forecasts or estimates of the Issuer's profits, nor these are otherwise provided by the Issuer.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Board of Directors

The Issuer adopts the traditional governance system (Board of Directors and Board Statutory Auditors) pursuant to article 2380, paragraph 1 of the Italian Civil Code.

The Board was appointed by the shareholders' meeting held on 6 May 2020. The current Board of Directors of Banca Akros S.p.A. is composed of eleven members.

The following table specifies the name, position and the main activities carried out outside the Issuer (if relevant with regard to the Issuer) of the members of the Board of Directors:

NAME, SURNAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER, WHERE RELEVANT WITH REGARD TO THE ISSUER
<p>Graziano Tarantini Chairman (confirmed on 6 May 2020, for the three-years period 2020 – 2022)</p>	<p>Lawyer in Milan Director of Capfin S.p.A. Director of BFS Partner S.p.A.</p>
<p>Domenico Pimpinella Vice-Chairman (appointed on 6 May 2020, for the three-years period 2020 – 2022)</p>	<p>General Manager of ENPAM Foundation</p>
<p>Marco Turrina Chief Executive Officer and General Manager (confirmed on 6 May 2020, for the three-years period 2020 – 2022)</p>	<p>Member of the Investment Committee Wise Sgr Vice Chairman of ASSOSIM – <i>Associazione Italiana degli Intermediari Mobiliari</i></p>
<p>Walter Ambrogi Director (appointed on 6 May 2020, for the three-years period 2020 – 2022)</p>	
<p>Carlo Bianchi Director</p>	<p>Chief Lending Officer of Banco BPM S.p.A.</p>

(confirmed on 6 May 2020, for the three-years period 2020 – 2022)	
Michele Cerqua Director (appointed on 6 May 2020, for the three-years period 2020 – 2022)	Director of Principe di San Daniele S.p.A. Director of King's S.p.A. Sole Director and Shareholder di C-MIR Europe Ltd
Luca Manzoni Director (confirmed on 6 May 2020, for the three-years period 2020 – 2022)	Head of corporate of Banco BPM S.p.A.
Luca Montebugnoli Director (confirmed on 6 May 2020, for the three-years period 2020 – 2022)	President of Vivaticket S.p.A.
Giordano Riello Director (appointed on 6 May 2020, for the three-years period 2020 – 2022)	Director of RPM S.p.A. President of NPLUS S.r.l. Advisor of NPLUS Lighting S.r.l. Vice President <i>Giovani Imprenditori di Confindustria</i>
Bruno Siracusano Director (confirmed on 6 May 2020, for the three-years period 2020 – 2022)	Director of LUZ S.r.l.
Francesca Brunori Director (co-opted on 27 April 2021, until the approval of 2021 financial statements)	Member of Managing Council of SMEs Guarantee Fund President of Comitato Agevolazioni Mediocredito Centrale S.p.A. Director of Credit and Finance Area and Director of Confindustria

On **17 December 2020**, Director Paola Galbiati resigned from the position held. In accordance with the provisions of the by-law, the Board of Directors consists of 10 members, including the Chairman.

On **24 March 2021**, the Bank's Shareholders' Meeting confirmed the *plenum* of the Board of Directors in 11 members.

On **27 April 2021**, the Board of Directors co-opted Francesca Brunori.

As at the date of publication of this Base Prospectus and based on the documentation available to the Issuer, all the members of the Board of Directors set out above fulfil the expertise and integrity requirements established by current laws and regulations.

For the purposes of their positions at Banca Akros S.p.A., the members of the Board of Directors set out above

are domiciled at the registered office of Banca Akros S.p.A.

No Executive Committee has been appointed.

Board of Statutory Auditors

The current Board of Statutory Auditors of Banca Akros S.p.A., appointed by the shareholders' meeting held on 4 April 2019, is composed of three standing statutory auditors and two alternate statutory auditors.

The following table specifies the name, position and the main activities carried out outside the Issuer (if relevant with regard to the Issuer) of the members of the Board of Statutory Auditors:

NAME, SURNAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER, WHERE RELEVANT WITH REGARD TO THE ISSUER
<p>Marcello Priori Chairman (confirmed on 4 April 2019, for the three-years period 2019 – 2021)</p>	<p>Chairman of the Board of Statutory Auditors of Banco BPM S.p.A. Standing Auditor of Bipiemme Assicurazioni S.p.A. Standing Auditor of Banca Aletti S.p.A. Chairman of the Board of Statutory Auditors of Bipiemme Vita S.p.A. Chairman of the Board of Directors of F2A S.p.A. Standing Auditor of Carrefour Property Italia S.r.l. Chairman of the Board of Statutory Auditors of Carrefour Italia Finance S.r.l. Chairman of the Board of Directors of Corob S.p.A.</p>
<p>Nadia Valenti Standing Auditor (appointed on 24 March 2021, until the approval of 2021 financial statements)</p>	<p>Standing Auditor of Banco BPM S.p.A.</p>
<p>Anna Maria Sanchirico Standing Auditor (confirmed on 4 April 2019, for the three-years period 2019 – 2021)</p>	<p>Standing Auditor of ProFamily S.p.A. Standing Auditor of NSA S.p.A. Standing Auditor of NSA Soluzioni Assicurative S.p.A. Legal Auditor of NSA S.r.l. Standing Auditor of Calliope Finance Srl in liquidation Standing Auditor of SER-VIZ S.p.A. Legal Auditor of Nastrificio Zingonia S.r.l.</p>
<p>Antonio Assenso Alternate Auditor (confirmed on 4 April 2019, for the three-years period 2019 – 2021)</p>	<p>Standing Auditor of Release S.p.A. Chairman of the Board of Directors of SO.CA.BI. S.p.A. Chairman of the Board of Statutory Auditors and Legal Auditor of Casa della Solidarietà – Consorzio di Cooperative Sociali in liquidation Chairman of the Board of Statutory Auditors of Gruppo SAE</p>

	<p>(Sapere Aude Editori) S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Domus Caritatis Società Cooperativa in liquidation</p> <p>Legal Auditor of Com. E - Comunicazione & Editoria S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of Credsec S.p.A.</p> <p>Standing Auditor of Dahlia TV S.p.A. in liquidation</p> <p>Chairman of the Board of Statutory Auditors of Porpora S.p.A.</p> <p>Legal Auditor of Gestioni Scolastiche Soc. Coop. a r.l.</p> <p>Standing Auditor of Miki Travel Agency Italia S.r.l.</p> <p>Standing Auditor of VDG Rem S.r.l.</p> <p>Liquidator of Emme Consulting S.r.l. in liquidation</p> <p>Legal Auditor of Area Sociale Società Cooperativa</p> <p>Single Auditor of Elman S.r.l.</p> <p>Single Auditor of Guadagnini Beni Stabili S.r.l.</p> <p>Legal Auditor of di Key to Business S.r.l.</p> <p>Single Auditor of Men at Work Società Cooperativa Sociale O.N.L.U.S.</p> <p>Legal Auditor of Parioli Travel Service S.r.l.</p>
<p>Chiara Valeri</p> <p>Alternate Auditor</p> <p>(appointed on 24 March 2021, until the approval of 2021 financial statements)</p>	<p>Standing Auditor AXA Assicurazioni S.p.A.</p> <p>Standing Auditor QUIXA Assicurazioni S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Andion Italy S.p.A.</p> <p>Standing Auditor Elidata S.p.A.</p>

On **29 December 2020**, the statutory auditor Maria Luisa Mosconi confirmed and made effective her resignation from the office held. The Board of Statutory Auditors reconstituted its *plenum* with the appointment of Claudia Rossi as Alternate Auditor, who held the office until 24 March 2021.

On **24 March 2021**, the Bank's Shareholders' Meeting confirmed the *plenum* of the Board of Directors in 11 members and proceeded to the integration of the Board of Statutory Auditors in office for the 2019-2021 financial years, appointing a Standing Auditor (Nadia Valenti) and an Alternate Auditor (Chiara Valeri).

As at the date of publication of this Base Prospectus and based on the documentation available to the Issuer, all the members of the Board of Statutory Auditors set out above fulfil the expertise and integrity requirements established by current laws and regulations.

For the purposes of their positions at Banca Akros S.p.A. the members of the Board of Statutory Auditors set out above are domiciled at the offices of Banca Akros S.p.A., in Milan.

Conflicts of interest of members of the Board of Directors and the Board of Statutory Auditors

As at the date of publication of this Base Prospectus, based on the duties of disclosure of directors and statutory auditors, the Issuer is not aware of any potential conflicts of interest between the obligations of the member of the board of directors to the Issuer and their private obligations and/or interests. The members of the Bank's administrative, management and control bodies are required to comply with the following provisions aimed at regulating relevant cases in terms of the existence of a specific interest concerning the implementation of an operation:

- Article 136 of the Italian Banking Act (obligations of bank officers), which requires the adoption of a special authorisation procedure in the event that an officer enters into obligations directly or indirectly with the bank which he administers, manages or controls;
- Article 53 of the Italian Banking Act and the implementing provisions adopted by the Bank of Italy, with particular reference to the supervisory provisions on relations with connected persons;
- Article 2391 of the Italian Civil Code (directors' interests);
- Article 2391-bis of the Italian Civil Code (transactions with related parties).

The Issuer and its bodies have adopted internal measures and procedures to ensure compliance with the above provisions. With regard to transactions with related parties, the Issuer has adopted, in accordance with the initiatives under the management and coordination of Banco BPM, the Regulation "Procedures for regulating transactions with related parties" approved by the Board of Directors of Banco BPM.

Independent Auditors

PricewaterhouseCoopers S.p.A. (the "**Independent Auditor**") has been appointed by the shareholders' meetings of Banca Akros S.p.A. held on 23 March 2016 as independent auditor of the annual financial statements for the financial years from 2016 to 2024.

PricewaterhouseCoopers S.p.A. is registered in the Register of the Statutory Auditors, in compliance with the provisions of Legislative Decree No. 39/2010 as implemented by the MEF (Decree No. 144 of 20 June 2012). The registered office of PricewaterhouseCoopers S.p.A. is in Piazza Tre Torri 2, 20145 Milan, Italy.

There were no resignations, revocations from the appointment or terminations of the appointment agreement of the Independent Auditor during the years 2019 and 2020.

MAJOR SHAREHOLDERS

Control over the Issuer and nature of such control

As at the date of this Base Prospectus, Banco BPM holds directly 100 per cent. of the fully subscribed and paid up share capital of the Issuer.

Any arrangements that may result in a change in control of the issuer

To the best of the Issuer's knowledge, there are no agreements that might result in a change in control of the Issuer.

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Financial information - Incorporation by reference

The financial information of the Issuer is included within the documents incorporated by reference to this Base Prospectus, pursuant to Article 19 of the Prospectus Regulation (see "*Information Incorporated by Reference*").

PricewaterhouseCoopers S.p.A.'s audit reports on the Issuer's financial statements for the financial year ending on 31 December 2019 was issued without qualification or reservation.

PricewaterhouseCoopers S.p.A.'s audit reports on the Issuer's financial statements for the financial year ending on 31 December 2020 was issued without qualification or reservation.

Accounting Standards

The financial statements of the Issuer have been prepared in accordance with the international accounting standards IAS/IFRS issued by the International Accounting Standard Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission, as established by Community Regulation no. 1606 of 19 July 2002, in implementation of Italian Legislative Decree no. 38 of 28 February 2005.

Legal and arbitration proceedings

The risk arising from legal proceedings and disputes, entails the possibility that the Issuer may have to pay compensation in case of their unfavourable outcome. Usual, legal disputes relate to actions for invalidity, annulment, ineffectiveness or compensation for damages resulting from transactions relating to the ordinary banking and financial activities carried out by the Issuer.

During the ordinary course its business, the Issuer is subject to certain administrative, legal and/or arbitration proceedings from which obligations may arise for the Issuer to pay compensation. As at 31 December 2020, the specific provisions allocated over the years to cover potential losses on legal disputes, lawsuits and customer complaints, recorded in the balance of provisions for risks and charges, under the item legal and tax disputes, amounted to Euro 641 thousand (compared to Euro 227 thousand as at 31 December 2019), in respect of a substantially identical "*petitum*".

Save as disclosed in this paragraph, no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months may have, or have had in the recent past significant effects on the Issuer and/or Group's financial position or profitability.

Legal proceedings arising from the assignment of assets and liabilities belonging to the business unit involved in the partial division

As at the date of publication of this Base Prospectus, in respect of assets and liabilities relating to the investment banking business division, the Issuer is not party of any legal and/or arbitration proceedings from which obligations may arise for the Issuer to pay compensation. As a consequence of the assignment of the Corporate & Investment Banking business division, which became effective on 1 October 2018, Banca Akros fully replaced Banca Aletti in the ownership of the assets and liabilities and of the legal relationships assigned to it relating to the business unit, as described in detail in the division project, pursuant to article 2506 bis of the Italian Civil Code, so that Banca Akros is entitled continue to exercise - without interruption - the rights assigned to it by the division. The principle laid down in article 2506 quater, paragraph 3, of the Italian Civil Code - relating to the joint and several liability of both banks due to obligations owed by the demerged bank but not satisfied by the bank to which they relate - is also maintained. Liability for debts arising prior to the division operation - the destination of which is identified in the division project - is direct and unlimited for the bank to which the debts relate, and subsidiary and limited to the actual value of the net assets, assigned or remaining, for the other bank. Since this is a partial division consisting in the transfer of part of Banca Aletti's assets to Banca Akros, this transfer results in an actual transfer that involves the acquisition by Banca Akros of assets that did

not previously exist in its assets. This transfer constitutes a particular succession. Therefore, if there are any outstanding disputes that arose before the transfer of the Corporate & Investment Banking business division, the rules set forth in Article 111 of the Italian Code of Civil Procedure may be applied and the Issuer may bring an action in court and appeal against any adverse decisions taken against Banca Aletti.

Inspection activities of the Supervisory Authorities and other Authorities

During the normal course of its business, Banco BPM Group and the Issuer are subject to inspections promoted by the Supervisory Authorities.

In particular, as part of the Single Supervisory Mechanism, Banco BPM Group is subject to the supervision of the ECB; with regard to specific issues such as compliance with anti-money laundering regulations or transparency, the supervisory activity is directly carried out by the Bank of Italy and Consob.

The supervisory activity involves ordinary and recurrent inspections mainly at the headquarters of the Parent Company ("on site inspection"), which are supported by "remote" inspections, conducted through structured and continuous information exchanges rather than through specific requests for documentation and thematic analysis.

In the context of rationalising and standardising the methods, processes and information systems within the Group, already in place in the second half of 2018, a new validation was obtained from the Supervisory Authorities of the internal model on market risks for Banca Akros, which replaced the previous internal model adopted by the Issuer.

With reference to the IMA (Internal Model Approach) capital requirement, the Supervisory Authorities has authorized the extension of the internal "Target" model for the Parent Company's market risks to Banca Akros, starting from the Final Decision (letter dated 20 August 2018, following the TRIM inspection).

During 2019, a request to extend the internal model on market risk to the specific risk of debt securities and to the exchange rate risk of the banking book was also submitted to the Supervisory Authorities.

In this context, on 14 May 2019 (following a specific request, submitted by the Parent Company on 30 April 2019, in order to change the model), the ECB launched an internal model investigation (IMI-2019-ITBPM-4145) to verify, for Banco BPM and Banca Akros, the extension of the internal model for market risk to the Banking Group's Exchange rate risk categories and specific risk on debt instruments with reference to the VaR, Stressed VaR and ICR. The on-site phase of the inspection ended on 19 July 2019; on 16 November 2020 Banco BPM received the final decision (with the relative authorization to use the new model) and on 16 December 2020 EBC sent the corrective action plan, which is currently in progress; this action plan also includes the results of the supplementary decision sent by ECB in December 2020 as a result of the further horizontal analysis carried out on the results of the previous TRIM (Targeted Review of Internal Models) inspection in 2018.

As part of the ordinary supervisory activity, the Banco BPM Group is subject to several on-site or remote audits; the other Group inspections in areas where the Issuer was not directly involved have mainly already been concluded with the issue of the so-called "Final follow up letters" or "Decisions" through which the ECB communicates the corrective actions required in relation to the areas for improvement identified. In cases where the inspection activities have shown areas for improvement in the context of the processes examined, the Group has implemented specific corrective action plans.

Finally, on 29 April 2020 the Consob notified to the Issuer the initiation of a sanctioning procedure relating to the failure to comply with the obligations of timely reporting by the Issuer to the Trade Repository, as well as the failure to promptly adopt adequate measures to verify the regular reporting of derivative contracts to the same Trade Repository, as established by the EMIR regulation framework. On 30 July 2020, the Bank sent Consob its defense memorandum, containing the analyses, the evidences and the plans of mitigating actions

prepared by the working group made up of various corporate functions established for this specific purpose. In response to the two memoranda produced by Banca Akros, respectively, in July and December 2020, the Authority replied in January 2021, thus defining the dispute with an administrative sanction equal to the minimum of the sanction applicable, i.e. Euro 30,000.

Significant change in the issuer's financial position

Since 30 June 2021, being the date of the last published interim financial statements of the Issuer, there has been no significant change in the financial position of the Issuer.

ADDITIONAL INFORMATION

Share capital

As at the date of this Base Prospectus, the Issuer's fully subscribed and paid up share capital amounted to Euro 39,433,803.00, divided into 39,433,803.00 ordinary shares.

Memorandum and Articles of Association

The Issuer was incorporated as a securities firm on 3 April 1973.

The current Articles of Association was registered with the Milan Company Register Office on 31 May 2018.

Pursuant to Article 2 of its Articles of Association, the Issuer has as its object the collection of savings and the exercise of credit in different forms and, in compliance with the provisions in force and respectively applicable: (I) the activity of trading in securities, financial instruments and currencies and securities brokerage activities in general; (II) the performance of all permitted banking and financial operations and services, as well as any other instrumental operation or in any case connected to the achievement of the corporate purpose. The Issuer may issue bonds, securities, securities or debt instruments, in accordance with current regulatory provisions.

MATERIAL CONTRACTS

As at the date of this Base Prospectus, there are no contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Group member being under an obligation or an entitlement that is material to the Issuer's ability to meet its obligations to Securityholders in respect of the Securities.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which the Issuer expects will be completed for each Series of Certificates issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”) or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended the “**PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Certificates (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Certificates (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [•]



Banca Akros S.p.A.

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

Legal Entity Identifier (LEI): 549300GRXFI7D6PNEA68

[Title of Certificates]

[ISIN Code]

under the Certificates Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 13 December 2021 [and the Supplement to the Base Prospectus dated [date]] [which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. This document constitutes the Final Terms of the Certificates described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [and any Supplement(s) thereto] in order to obtain all the relevant information.

The Base Prospectus [and the Supplement[s] to the Base Prospectus dated [date]] is available for viewing at, and copies of it may be obtained from, the registered office of the Issuer, Viale Eginardo, 29, 20149 Milan and from BNP Paribas Securities Services, Luxembourg Branch and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[A summary of the Securities is annexed to these Final Terms. In the case of the Securities admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will be published on the website of the Luxembourg Stock Exchange [and of the Issuer].]

References herein to numbered Conditions are to the terms and conditions of the relevant series of Certificates and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms insofar as they relate to such series of Certificates, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "Securities" shall be deemed to be references to the relevant Certificates that are the subject of these Final Terms and references to "Securities" and "Security" shall be construed accordingly.

(Include whichever of the following apply or specify as “Not applicable”. Note that the numbering should remain as set out below, even if “Not applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.)

(When completing the final terms consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)

1. Series Number: []
2. Tranche Number: []
3. Number of Securities issued: [Up to] []
4. Calculation Agent: The Calculation Agent is []

5. Issue Price per Security: []
6. Nominal Value: []
7. Minimum Exercise Amount: []
8. Consolidation: [Not applicable]

[The Securities are to be consolidated and form a single series with the *[insert title of relevant series of Securities]* issued on *[insert issue date]*. (Only applicable in relation to Securities which are fungible with an existing series of Securities)

9. Product Type: The Certificates are cash settled securities, of the following Product Type: [Equity Protection Certificates] [Reverse Equity Protection Certificates] [Equity Protection Alpha Certificates] [Equity Premium Certificates] [Reverse Equity Premium Certificates] [Standard Certificates] [Bonus Certificates] [Reverse Bonus Certificates] [Twin Win Certificates] [Reverse Twin Win Certificates] [Long Benchmark Certificates] [Short Benchmark Certificates] [Long Outperformance Certificates] [Short Outperformance Certificates] [[Long/Short] Constant Leverage Certificates]

10. Underlying: The financial asset[s] to which the Securities relate

[is the [] [Index] [Share] [Exchange Rate] [Future Contract] [Commodity] [Interest Rate] [Fund]] (Repeat for each Underlying if more than one)

[is a Basket composed as follows:

<i>i</i>	Basket Constituent	Basket Constituent Weight
[]	[]	[]
[]	[]	[]
[]	[]	[]

]

[are the [Indexes] [Shares] [Exchange Rates] [Future Contracts] [Commodities] [Interest Rates] [Funds] specified for each Series in the Annex]

[Insert for each Underlying or Basket Constituent the applicable information / in case of multi Series Final Terms, delete the following and insert the following details in the Annex]:

[Issuer of the Share (and relevant website): []]

[Index Sponsor (and relevant website): []]

[Fund Manager (and relevant website): []]

[Calculation Entity (and relevant website): []]

[ISIN code: []]

[Reuters ticker: []]

[Bloomberg Code: []]

[Reference Source: []]

[Exchange: []]

[Related Exchange: []]

[Rollover Date: []] *(Only applicable in relation to Futures Contract Securities)*

[Specify where to obtain information about such underlying(s) by electronic means, and whether or not it can be obtained free of charge: []]

[if the Underlying is an Index, insert (in case of a Basket specify for each Basket Constituent / in case of multi Series Final Terms, delete the following and insert the following details in the Annex):

Index Sponsor (and relevant website): []

ISIN code: []

[Reuters ticker: []]

[Bloomberg Code: []]

11. EU Benchmarks Regulation Article 29(2) statement on benchmarks: *[specify benchmark(s)] [is/are] provided by [insert administrator(s) legal name(s)] [repeat as necessary].*

[As at the date of these Final Terms, [insert administrator(s) legal name(s)] [appear[s]]/[does]/[do] not appear [repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

[As far as the Issuer is aware, [[insert benchmark(s)] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that Regulation [repeat as necessary] OR [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [insert administrator(s) legal name(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). [repeat as necessary].]

[Not applicable.]

12. Maturity Date: []

13. Renunciation Notice Cut-off [] [Not applicable]

- Time:
14. Settlement Date: []
15. Delivery Date: [] [Not applicable]
16. Issue Date: []
17. Settlement Currency: []
18. Underlying Currency: []
19. Quanto: [Applicable] [Not applicable. The applicable Exchange Rate for conversion of the Underlying Currency into the Settlement Currency, is *[insert Exchange Rate and details of how and when such rate is to be ascertained]*]
20. Business Day Centre(s): []
21. Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] []
22. Exchange Business Day Convention : [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] []
23. Underlying Initial Value: The Underlying Initial Value will be calculated on [] as *[insert calculation method in accordance with the definition of “Underlying Initial Value” within Condition 3]*.
24. Initial Valuation Date(s): [] / from [] to []
25. Underlying Final Value: The Underlying Final Value will be calculated on [] as *[insert calculation method in accordance with the definition of “Underlying Final Value” within Condition 3]*.
26. Final Valuation Date(s): [] / from [] to [] [Not applicable]

PROVISIONS RELATING TO THE CASH SETTLEMENT AMOUNT

27. Cash Settlement Amount: *[Insert formula(s) for the calculation of the Cash Settlement Amount pursuant to Condition 4 (Pay-outs Provisions)]*
[]
28. Strategy: [Long Strategy] [Short Strategy]
29. Best Of Feature: [Applicable *[specify details]*] [Not applicable]
30. Worst Of Feature: [Applicable *[specify details]*] [Not applicable]
31. Rainbow Feature: [Applicable *[specify details]*] [Not applicable]
32. **[Equity Protection Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the

Product Type is not applicable)

- i) Protection: []
 - ii) Protection Level: []
 - iii) Cap: [Applicable *[specify details]* [Not applicable]
 - iv) Cap Level: [Applicable *[specify details]* [Not applicable]
 - v) Cap Percentage: [Applicable *[specify details]* [Not applicable]
 - vi) Strike: [Applicable *[specify details]* [Not applicable]
 - vii) Strike Level: [Applicable *[specify details]* [Not applicable]
 - viii) Strike Date: [] [Not applicable]
 - ix) Participation: [] [Not applicable]]
33. **[Reverse Equity Protection Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Protection: []
 - ii) Reverse Protection Level: []
 - iii) Cap: [Applicable *[specify details]* [Not applicable]
 - iv) Cap Level: [Applicable *[specify details]* [Not applicable]
 - v) Cap Percentage: [Applicable *[specify details]* [Not applicable]
 - vi) Strike: [Applicable *[specify details]* [Not applicable]
 - vii) Strike Level: [Applicable *[specify details]* [Not applicable]
 - viii) Strike Date: [] [Not applicable]
 - ix) Participation: [] [Not applicable]]
34. **[Equity Protection Alpha Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Spread: [Applicable *[specify details]* [Not applicable]
 - ii) Performance of the Long Underlying (Underlying A) and the Short Underlying (Underlying B): *[specify details]* [Not applicable]

- iii) Ratio: [Applicable *[specify details]*] [Not applicable]
- iv) Protection: []
- v) Participation: []]
35. **[Equity Premium Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Barrier Event: *[specify details]*
- ii) Barrier Level: []
- iii) Barrier Event Valuation Period: [] / from [] to []
- iv) Minimum Redemption Percentage: [Applicable *[specify details]*] [Not applicable]
- v) Airbag: [Applicable *[specify details]*] [Not applicable]
- vi) Strike: [Applicable *[specify details]*] [Not applicable]
- vii) Strike Level: [Applicable *[specify details]*] [Not applicable]
- viii) Strike Date: [] [Not applicable]
- ix) Up Participation: [] [Not applicable]
- x) Cap: [Applicable *[specify details]*] [Not applicable]
- xi) Cap Level: [Applicable *[specify details]*] [Not applicable]
- xii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]
- xiii) Capital Lock-in Event p-th: [Applicable *[specify details]*] [Not applicable]
- xiv) Capital Lock-in Level p-th: [] *(Specify the level for each period if more than one)*
- xv) Capital Lock-in Event Threshold p-th: [] *(specify details for each period if more than one)*
- xvi) Capital Lock-in Event Valuation Period p-th: [] / from [] to [] *(Specify each period if more than one)*
36. **[Reverse Equity Premium Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Barrier Event: *[specify details]*
- ii) Barrier Level: []

- iii) Barrier Event Valuation Period: [] / from [] to []
 - iv) Minimum Redemption Percentage: [Applicable *[specify details]*] [Not applicable]
 - v) Airbag: [Applicable *[specify details]*] [Not applicable]
 - vi) Capital Lock-in Event p-th: [Applicable *[specify details]*] [Not applicable]
 - vii) Capital Lock-in Level p-th: [] (*Specify the level for each period if more than one*)
 - viii) Capital Lock-in Event Threshold p-th: [] (*specify details for each period if more than one*)
 - ix) Capital Lock-in Event Valuation Period p-th: [] / from [] to [] (*Specify each period if more than one*)
37. **[Standard Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Predetermined Percentage: []
38. **[Bonus Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Barrier Event: *[specify details]*
 - ii) Barrier Level: []
 - iii) Barrier Event Valuation Period: [] / from [] to []
 - iv) Bonus: []
 - v) Bonus Level: []
 - vi) Up Participation: []
 - vii) Cap: [Applicable *[specify details]*] [Not applicable]
 - viii) Cap Level: [Applicable *[specify details]*] [Not applicable]
 - ix) Cap Percentage: [Applicable *[specify details]*] [Not applicable]
39. **[Reverse Bonus Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Barrier Event: *[specify details]*
 - ii) Barrier Level: []

- iii) Barrier Event Valuation Period: [] / from [] to []
 - iv) Bonus: []
 - v) Bonus Level: []
 - vi) Cap: [Applicable *[specify details]*] [Not applicable]
 - vii) Cap Level: [Applicable *[specify details]*] [Not applicable]
 - viii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]]
40. **[Twin Win Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Barrier Event: *[specify details]*
 - ii) Barrier Level: []
 - iii) Barrier Event Valuation Period: [] / from [] to []
 - iv) Up Participation: []
 - v) Down Participation: []
 - vi) Cap: [Applicable *[specify details]*] [Not applicable]
 - vii) Cap Level: [Applicable *[specify details]*] [Not applicable]
 - viii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]]
41. **[Reverse Twin Win Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)
- i) Barrier Event: *[specify details]*
 - ii) Barrier Level: []
 - iii) Barrier Event Valuation Period: [] / from [] to []
 - iv) Up Participation: []
 - v) Down Participation: []
 - vi) Cap: [Applicable *[specify details]*] [Not applicable]
 - vii) Cap Level: [Applicable *[specify details]*] [Not applicable]
 - viii) Cap Percentage: [Applicable *[specify details]*] [Not applicable]]

42. **[[Long/Short] Benchmark Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)

i) Strike Price: []

43. **[Long Outperformance Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)

i) Up Participation: []

ii) Down Participation: []

44. **[Short Outperformance Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)

i) Up Participation: []

ii) Down Participation: []

45. **[[Long/Short] Constant Leverage Certificates provisions:** [Applicable] [Not applicable]
(Delete the sub-sections if the Product Type is not applicable)

i) Constant Leverage Expiry Date: []

ii) Leverage: []

PROVISIONS RELATING TO REMUNERATION AMOUNTS AND EARLY REDEMPTION AMOUNTS

46. Autocallable feature: [Applicable] [Not applicable]
(Delete sub-paragraphs if not applicable)

i) Early Redemption Event n-th: [] *(specify details of the occurrence of the event for each period if more than one)*

ii) Early Redemption Amount n-th: [] *(specify amount(s) for one or more Early Payment Dates)*

iii) Early Redemption Level n-th: [] *(specify details for each period if more than one)*

iv) Early Redemption Threshold n-th: [] *(specify details for each period if more than one)*

v) Early Redemption Percentage n-th: [] *(specify details for each period if more than one)*

vi) Early Redemption Valuation Period n-th: [] / from [] to [] *(Specify each period if more than one)*

- vii) Early Payment Date n-th: [] (specify for each period if more than one)
47. Knock-out Event: [Applicable in relation to []] (Specify the applicable remuneration amount(s) and details of the occurrence of the event for each period if more than one) [Not applicable]
 (Delete sub-paragraphs if not applicable)
- i) Knock-out Level: [] (Specify the level for each period if more than one)
- ii) Knock-out Valuation Period: [] / from [] to [] (Specify each period if more than one)
48. Knock-in Event: [Applicable in relation to []] (Specify the applicable remuneration amount(s) and details of the occurrence of the event for each period if more than one) [Not applicable]
 (Delete sub-paragraphs if not applicable)
- i) Knock-in Level: [] (Specify the level for each period if more than one)
- ii) Knock-in Valuation Period: [] / from [] to [] (Specify each period if more than one)
49. Unconditional Amount: [] (specify amount(s) for one or more Unconditional Payment Dates) [Not applicable]
50. Digital Amount i, k-th: [] (specify amount(s) for one or more Digital Payment Dates) [Not applicable]
 (Delete sub-paragraphs if not applicable)
- i) Digital Coupon i, k-th: [] (specify coupon(s) for one or more Digital Payment Dates)
- ii) Digital Coupon Event i-th: [] (specify details of the occurrence of the event for each period if more than one)
- iii) Digital Coupon Level i, k-th: [] (specify details for each period if more than one)
- iv) Digital Coupon Threshold i, k-th: [] (specify details for each period if more than one)
- v) Digital Combo: [Applicable [specify details] [Not applicable]
- vi) Digital Valuation Period i-th: [] / from [] to [] (Specify each period if more than one)
- vii) Digital Payment Date i-th: [] (specify for each period if more than one)
- viii) Lock-in Coupon Event l-th: [Applicable [specify details of the occurrence of the event for each period if more than one] [Not applicable]
- ix) Lock-in Coupon l-th: [] (specify details for each period if more than one)
- x) Lock-in Coupon Threshold l-th: [] (specify details for each period if more than one)
- xi) Lock-in Coupon Level l-th: [Applicable [specify details] [Not applicable]
- xii) Lock-in Coupon Valuation Period l-th: [[] / from [] to [] (Specify each period if more than one)] [Not applicable]
- xiii) Memory Mechanism: [Applicable [specify details of the occurrence of the event for each period if more than one] [Not applicable]
- xiv) Memory Coupon: [] (specify details for each period if more than one)

- xv) Memory Valuation Period: [[] / from [] to [] (*Specify each period if more than one*)] [Not applicable]
- xvi) Path Dependency Effect: [Applicable [*specify details*] [Not applicable]
51. Performance Coupon Event j-th: [Applicable [*specify details*] [Not applicable]
- (Delete sub-paragraphs if not applicable)*
- i) Performance Coupon j-th: [] (*specify details for each period if more than one*)
- ii) Performance Cap Coupon j-th: [] [Not applicable]
- iii) Performance Coupon Threshold j-th: [] (*specify details for each period if more than one*)
- iv) Performance Coupon Level j-th: [] (*specify details for each period if more than one*)
- v) Performance Coupon Amount j-th: [] (*specify details for each period if more than one*)
- vi) Performance Coupon Valuation Period j-th: [[] / from [] to [] (*Specify each period if more than one*)]
- vii) Performance Coupon Payment Date j-th: [] (*specify for each period if more than one*)
52. Participation Amount: [Participation Amount Long] [Participation Amount Short] [Not applicable]
- (Delete sub-paragraphs if not applicable)*
- i) Participation Valuation Period: [[] / from [] to [] (*Specify each period if more than one*)] (*specify the Participation Initial Date and the Participation Final Date for each Participation Valuation Period if more than one*)
- ii) Participation Payment Date: [] (*specify for each period if more than one*)
- iii) Multiplier: [] (*specify for each period if more than one*)
- iv) Strike Percentage: [] (*specify for each period if more than one*)
- v) Floor: [] (*specify for each period if more than one*)

GENERAL

53. Form of Securities: [Bearer Securities]
- [Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security.]
- [Temporary Global Security exchangeable for Definitive Securities on or after the Exchange Date.]
- [Permanent Global Security exchangeable for Definitive Securities only in the limited circumstances specified in the

Permanent Global Security.]]

[Italian Dematerialised Securities]

54. Prohibition of Sales to EEA Retail Investors: [Applicable] [Not applicable]

(If the Securities clearly do not constitute "packaged" products, "Not applicable" should be specified. If the Securities may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)

ADDITIONAL INFORMATION

Example(s) of complex derivatives securities: [Not applicable.] *[Insert, where available, scenarios and simulations of the Certificates, for informative and illustrative purposes only, with a statement that they do not purport either to be comprehensive or anticipate or guarantee future returns.]*

[THIRD PARTY INFORMATION

[The information relating to [] [and []] (the "**Reference Information**") contained herein has been accurately [reproduced] [extracted] from [*insert information source(s)*]. As far as the Issuer is aware and is able to ascertain from information published by [], no facts have been omitted which would render the [reproduced] [extracted] information inaccurate or misleading. The Issuer accepts responsibility for the accuracy of such [extraction][reproduction] but accepts no further or other responsibility in respect of such information.]]

[Signed on behalf of the Issuer:

By:
Duly authorised]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [The Certificates are unlisted.]/[Application [has been/will be] made to list the Certificates on [[the Official List of the Luxembourg Stock Exchange] and to admit the Certificates for trading on [[the professional segment of] the Luxembourg Stock Exchange's regulated market/[the professional segment of] the Euro MTF Market] [with effect from/on or around] [•]] [and] [on [•] [with effect from/on or around]]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)

- (iii) Estimated total expenses: [None.] [] [Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]

2. NOTIFICATION

[The CSSF [has been requested to provide/has provided] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.]

[Not applicable.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Need to include a description of any interest, including conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save [for the fees [of [insert relevant fee disclosure]] payable to [•] and] as discussed [in the "Potential Conflicts of Interest" paragraph in the "Risks" section in the Base Prospectus], so far as the Issuer is aware, no person involved in the [issue/offer] of the Securities has an interest material to the [issue/offer].]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [Not applicable.] []

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

- (ii) Estimated net proceeds: [Not applicable.] []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

5. TERMS AND CONDITIONS OF THE OFFER

[Applicable][Not applicable (*if not applicable, delete the entire section*)]

[Public Offer Jurisdiction(s)] *[Specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplement have been passported]*

[Offer Price:] [Issue Price][*specify*]

[Conditions to which the offer is subject:] [Not Applicable/*give details*]

[The Offer Period, including any possible amendments, during which the offer will be open and description of the application process:] [Not Applicable/*give details*]

[Details of the minimum and/or maximum amount of application:] [Not Applicable/*give details*]

[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not Applicable/*give details*]

[Details of the method and time limits for paying up and delivering the Securities:] [Not Applicable/*give details*]

[Manner in and date on which results of the offer are to be made public:] [Not Applicable/*give details*]

[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not Applicable/*give details*]

[Whether tranche(s) have been reserved for certain countries:] [Not Applicable/*give details*]

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not Applicable/*give details*]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable/*give details*]

[Consent to use of Base Prospectus] [Not applicable.] [*The Issuer consents to the use of the Base Prospectus by all financial intermediaries (the "Authorised Offerors") (general consent).*]

[The Issuer consents to the use of the Base Prospectus by the following Financial

Intermediary[y][ies] (individual consent): [insert names] and address[es]] (the "Authorized Offerors").]

[Such consent is also subject to and given under condition []]

[The subsequent resale or final placement of the Certificates by the Authorized Offerors can be made [as long as the Base Prospectus is valid in accordance with article 12 of the Prospectus Regulation] [include relevant period if less than 12 months].]

6. DISTRIBUTION

[Applicable][Not applicable (*if not applicable, delete the entire section*)]

[Syndication:]

[The Securities will be distributed on a [non] syndicated basis.]

[Not applicable.]

[Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:] [] [Not applicable.]]

[Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and/or entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements:

[give names, and addresses and underwriting commitments, if applicable] [Not applicable.]]

(Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers and an indication of the material features of the agreements, including, where applicable, the quotas. Where not all of the issue is underwritten, a statement of the portion not covered.)

[Date of [subscription][placement] Agreement:] [] [Not applicable.]]

[Name and address of any paying agents and depository agents in each country (in addition to the Issuing and Paying Agent):] [] [Not applicable.]]

[Stabilising Manager (if any):]

[Not applicable][give name and address]

[Total commission, concession and other costs:

[specify the total commission, the single components of commission and cost, if any, and the elements to be taken into account for the purposes of determining the variable commission, if any, or other structuring fee, if any] [Not applicable.]]

7. POST-ISSUANCE INFORMATION

The Issuer [intends to provide post-issuance information [*specify what information about the Underlying(s) will be reported and where it can be obtained*]] [does not intend to provide post-issuance information, except if required by any applicable laws and regulations].

8. OPERATIONAL INFORMATION

(i) ISIN Code: []

[(ii)] [Common Code] [*Or other security identification code, if any*] [] [Not applicable]

[(iii)] Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., and relevant address(es): [Not applicable] [Monte Titoli S.p.A.] [*Insert name(s) and address(es)*]

[(iv)] Names and addresses of the Issuing and Paying: []

[(v)] [Name(s) and address(es) of Listing Agent(s) (*only applicable for Listing Agent(s) other than the Luxembourg Listing Agent. Delete if not applicable*):] [[]]

*[ANNEX]
(Only applicable in the case of multiple ISIN Codes issuance)]*

Series	Certificates Isin Code	Underlying	Isin Underlying / Bloomberg Code	[Protection /Protection Level]	[Cap/Cap Level]	[Strike/Strike Level]	[Barrier Level]	[Bonus/Bonus Level]	[Digital Coupon]	[Digital Level]	<i>[Insert other applicable features among those set out under Condition 4 of the Terms and Conditions of the Securities]</i>

]

ISSUE SPECIFIC SUMMARY OF THE SECURITIES

[Insert the issue specific summary for the Securities]

OFFERING AND SALE

The Securities may be offered to retail clients, professional clients and other eligible counterparties. No action has been or will be taken by the Issuer that would permit a public offering of any Securities or possession or distribution of any offering material in relation to any Securities in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

1. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Unless the Final Terms in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor either in the European Economic Area or in the specified jurisdictions only. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - ii. a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - iii. not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

2. PUBLIC OFFER SELLING RESTRICTION UNDER THE EU PROSPECTUS LEGISLATION

In relation to each member state of the European Economic Area (each a "**Member State**"), the Securities may not be offered to the public in that relevant Member State (the "**Relevant Member State**"), except that an offer of the Securities to the public may be made in that Relevant Member State:

- (a) if the Final Terms in relation to the Securities specify that an offer of those Securities may be made in the Relevant Member State in accordance with the EU Prospectus Legislation (as defined below) and the conditions of the offer applicable to the offer of the Securities set out in the Base Prospectus or in the relevant Final Terms, as the case may be, in the period beginning and ending on the dates specified in such Final Terms, provided that the Issuer has consented in writing to the use of the Base Prospectus for the purpose of such offer;
- (b) at any time if it is addressed solely to qualified investors as defined in the Prospectus Regulation (the "**Qualified Investors**");
- (c) at any time if it is addressed to fewer than 150 natural or legal persons (other than Qualified Investors) per Member State, subject to obtaining the prior consent of the Issuer or the relevant person or entity placing or offering the Securities nominated by the Issuer for any such offer; and/or
- (d) at any time in any other circumstances falling within a Prospectus Exemption (as defined below),

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the EU Prospectus Legislation or supplement the Base Prospectus at least one banking day prior to the respective offer.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

The expression "**EU Prospectus Legislation**" means the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), all the Commission Delegated Regulations, and any relevant implementing measure in the Relevant Member State.

The expression "Prospectus Exemptions" means Article 1 (4) of the Prospectus Regulation, as applicable, and includes any additional exemptions and implementation measures applicable in the Relevant Member State.

3. UNITED STATES

No Securities of any series have been, nor will they be registered under the Securities Act or with any securities authority of any State or other jurisdiction of the U.S., and trading in the Securities has not been approved by the CFTC under the Commodity Exchange Act. The Securities may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to a U.S. person unless such offer or sale has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

The Securities are being offered and sold outside the U.S. to persons that are not U.S. persons (as defined in Regulation S) in reliance on Regulation S. No Securities of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in or into the United States (as defined in Regulation S) or to, or for the account or benefit of, any U.S. person and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

The Securities may not be legally or beneficially owned by U.S. persons at any time. Each holder and each beneficial owner of a Security hereby represents, as a condition to purchasing or owning the Security, or any beneficial interest therein, that neither it nor any person for whose account or benefit the Securities are being purchased is located in the United States, is a U.S. person or was solicited to purchase the Securities while present in the United States. Each holder and each beneficial owner of a Security hereby agrees not to offer, sell or deliver any of the Securities, at any time, directly or indirectly, in the U.S. or to any U.S. person. The term "U.S. person" has the meaning ascribed to it in Regulation S under the Securities Act.

Each Manager of an issue of Securities will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Securities of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Manager of an issue of Securities will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Securities at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any "directed selling efforts" (as defined in Regulation S of the Securities Act) with respect to the Securities and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Any person purchasing Securities of any series must agree with the Manager or the seller of such Securities that (i) it is not a U.S. person and it is not located in the United States and was not solicited to purchase the Securities while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any, U.S. person, (iii) it is not purchasing any Securities of such series for the account or benefit of any U.S. person and (iv) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of Securities will also be required to agree, and any person purchasing Securities of any series must agree, to send each person who purchases any Securities of such series from it, at or prior to confirmation of sale of any Securities, a written confirmation (which shall include the definitions of "United States" and "U.S. persons" set forth herein) stating that the Securities have not been registered under the Securities Act or any state securities laws, and that trading in the Securities has not been approved by the Commodity Futures Trading Commission under the Commodity Exchange Act and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

The Securities are also subject to U.S. tax law requirements and, except in certain transactions permitted by U.S. Treasury regulations, may not be offered, sold or delivered within the United States or its possessions or to United States persons. Terms used in this paragraph have the meanings given to them by the Code and the U.S. Treasury regulations promulgated thereunder.

In July 2010 the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") was enacted, which provides for substantial changes to the regulation of the futures and over-the-counter (OTC) derivative markets. Dodd-Frank requires regulators, including the CFTC, the Securities and Exchange Commission (the "**SEC**"), the Department of the Treasury, the Financial Stability Oversight Council (the FSOC), the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to adopt regulations to implement many of the requirements of the legislation.

Most of the regulations under Dodd-Frank have been adopted and these legislative and regulatory changes have increased the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivative markets. Without limitation, these changes will require many OTC derivative transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers are required to be registered, to comply with business conduct standards and to clear certain classes of interest rate and credit default swaps through registered derivatives clearing organizations (unless an exception to clearing applies). The various legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. These consequences could adversely affect the return on and value of the Securities.

US Tax Selling Restrictions

Securities that constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982, the Code, or US Treasury Regulations and are not considered to be in “registered form” for US federal income tax purposes ("**TEFRA Notes**") are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in compliance with (i) US Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**D Rules**"), or (ii) US Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**C Rules**").

With respect to TEFRA Notes issued in compliance with the D Rules, the Issuer and each Manager has represented and agreed that:

- (i) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the required restricted period it will not offer or sell such TEFRA Notes to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Global Securities that are TEFRA Notes that will be sold during the restricted period;
- (ii) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such TEFRA Notes are aware that such TEFRA Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);
- (iii) if it is a United States person, it is acquiring such TEFRA Notes for purposes of resale in connection with their original issuance, and if it retains such TEFRA Notes for its own account, it will do so in accordance with the requirements of the D Rules; and

with respect to each affiliate or distributor that acquires such TEFRA Notes from the Issuer or the Manager for purpose of offering or selling such TEFRA Notes during the restricted period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in Paragraphs (i), (ii) and (iii) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Dealer the representations and agreements contained in such Paragraphs.

With respect to TEFRA Notes issued in compliance with the C Rules, the Issuer and each Manager has represented and agreed that:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such TEFRA Notes within the United States or its possessions in connection with their original issuance; and
- (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its US office, if any, in the offer or sale of such TEFRA Notes.

Terms used in this Section shall have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, ("**Code**") and the US Treasury Regulations promulgated thereunder, including the C Rules and the D Rules.

The Hiring Incentives to Restore Employment Act of 2010 repealed the C Rules and D Rules for TEFRA Notes issued after 18 March 2012. However, in Notice 2012-20, the US Department of Treasury and the US Internal Revenue Service indicated that they intend to provide in regulations that rules identical to the C Rules and D Rules will apply to non-US issuers of TEFRA Notes for purposes of establishing an exemption from the excise tax imposed by Section 4701 of the Code. (The amount of the excise tax is one per cent. of the principal amount of the obligation, multiplied by the number of calendar years until the obligation reaches maturity). Consequently, TEFRA Notes issued in accordance with the C Rules or D Rules should continue to be treated as “foreign targeted obligations” that are exempt from the excise tax.

4. GENERAL

The Manager or, as the case may be, each Manager will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefor.

Neither the Issuer nor any Manager represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Manager or, as the case may be, each Manager will be required to comply with such other restrictions as the Issuer and the Manager(s) shall agree and as shall be set out in the applicable Final Terms.

TAXATION

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the Securities.

Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving Securities should consult their own tax advisers.

1. THE PROPOSED EUROPEAN FINANCIAL TRANSACTION TAX

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission Proposal**), for a financial transaction tax (**FTT**) to be adopted in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate. If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which could include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT may give rise to tax liabilities for the relevant Issuer with respect to certain transactions if it is adopted based on the Commission's Proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the relevant Issuer's hedging arrangements or the purchase or sale of securities (such as charged assets) or the exercise/settlement of a warrant. The relevant Issuer is, in certain circumstances, able to pass on any such tax liabilities to holders of the Securities and therefore this may result in investors receiving less than expected in respect of the Securities. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Securities (including secondary market transactions) if conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective Securityholders are advised to seek their own professional advice in relation to the FTT.

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2. U.S. FOREIGN ACCOUNT TAX COMPLIANCE WITHHOLDING

The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made two years after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment", or later. This withholding would potentially apply to payments in respect of (i) any Securities characterised as debt (or which are not otherwise

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

While the Securities are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depositary for the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Securities should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities is uncertain at this time. The application of FATCA to "foreign passthru payments" on the Securities or to Securities issued or materially modified after the grandfathering date may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "IGA"), which entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

3. U.S. DIVIDEND EQUIVALENT PAYMENTS

U.S. Treasury Regulations under Section 871(m) of the Code imposing a withholding tax on certain “dividend equivalents” under certain “equity linked instruments” exclude from their scope instruments issued before calendar year 2021 that do not have a “delta of one” with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an “Underlying Security”). Subject to this pre-2021 exemption, Section 871(m) of the Code will apply to a financial instrument (a “Specified Security”) if it meets either (i) a “delta” test, if it is a “simple” contract, or (ii) a “substantial equivalence” test, if it is a “complex” contract. Section 871(m) of the Code provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations, as well as instruments that track such indices. If the terms of a financial instrument issued before calendar year 2021 (that is exempt from withholding under Section 871(m) of the Code) are “significantly modified” sometime after calendar year 2020 such that the financial instrument is treated as retired and reissued for U.S. federal income tax purposes, it will lose this exemption. Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If U.S. Underlying Equities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

Section 871(m) of the Code is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. You should consult your tax advisor regarding the potential application of Section 871(m) of the Code to the Securities.

IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF SECURITIES

Restrictions on Public Offers of Securities in Relevant Member States where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus.

Certain Tranches of Securities may be offered in circumstances where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus. Any such offer is referred to as a **Public Offer**. This Base Prospectus has been prepared on a basis that permits Public Offers of Securities. However, any person making or intending to make a Public Offer of Securities in any Member State of the European Economic Area where the Prospectus Regulation is applicable (each, a "**Relevant Member State**") may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Regulation, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 5(2) of the Prospectus Regulation (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Public Offer of such Securities.

Save as provided above, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any Public Offer of Securities in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Consent to subsequent resale given in accordance with Article 5(2) of the Prospectus Regulation (Retail Cascades)

In the context of any Public Offer of Securities, the Issuer has requested the CSSF to provide a certificate of approval in accordance with Article 25 of the Prospectus Regulation (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authorities of Austria, France, Germany, Ireland, Netherlands, Republic of Italy (the "**Host Member States**"). Even though the Issuer has elected (or will elect) to passport this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of Securities to see whether the Issuer has elected to make a public offer of Securities in either the Luxembourg or a Host Member State (each a "**Public Offer Jurisdiction**").

The Issuer accepts responsibility in the Public Offer Jurisdictions for which it has given consent referred to herein for the content of this Base Prospectus in relation to any person (an "**Investor**") to whom an offer of any Securities is made by any financial intermediary to whom the Issuer has given its consent to use this Base Prospectus (such financial intermediary, an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, the Issuer does not have any responsibility for any of the actions of an Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer or any Manager makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or Securities law requirements in relation to any Public Offer and none of the Issuer or any Manager has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, none of the Issuer and any Manager has authorised the making of any Public Offer by any offeror nor have they consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Securities. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer or any Manager accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Public Offer, an Investor is offered Securities by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base

Prospectus for the purposes of Article 11 of the Prospectus Regulation in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether they can rely on this Base Prospectus and/or who is responsible for its contents they should take legal advice.

Consent

The consent referred to relates to Offer Periods occurring within 12 months from the date of approval of this Base Prospectus.

In connection with each Tranche of Securities and subject to the conditions set out below under "*Common Conditions to Consent*":

- (1) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Securities during the relevant Offer Period stated in the Final Terms by the relevant Manager and by:
 - (a) any financial intermediary specified in the applicable Final Terms; and
 - (b) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website and identified as an Authorised Offeror in respect of the relevant Public Offer; and
- (2) if the applicable Final Terms specifies that the Issuer consents to the use of the Base Prospectus by all financial intermediaries, the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Securities during the relevant Offer Period stated in the Final Terms by any financial intermediary which satisfies the "Specific Conditions to Consent" set out below.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Public Offer are (in addition to the conditions described under "*Specific Conditions to Consent*" below if the applicable Final Terms specifies "general consent" as "Applicable") that such consent:

- (i) is only valid with reference to Public Offers occurring within 12 months from the date of this Base Prospectus;
- (ii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Securities in one or more of Luxembourg, Austria, France, Germany, Ireland, Netherlands, Republic of Italy, as specified in the applicable Final Terms; and
- (iii) is subject to any other conditions set out in the applicable Final Terms.

Each Tranche of Securities may only be offered to Investors as part of a Public Offer in the Relevant Member State(s) specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Specific Conditions to Consent

The conditions to the Issuer's consent are that:

- (i) the financial intermediary must be authorised to make such offers under the applicable legislation implementing the MiFID II in the Relevant Member State;
- (ii) the financial intermediary accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Securities] (the "**Securities**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Banca Akros S.p.A. (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Securities (the "**Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".

The **Authorised Offeror Terms**, being the terms to which the relevant financial intermediary agrees in connection with using the Base Prospectus, are that the financial intermediary:

- (1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Manager that it will, at all times in connection with the relevant Public Offer:
 - (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Securities by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Manager if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
 - (b) comply with the restrictions set out under "Offering and Sale" in this Base Prospectus which would apply as if it were a Manager;
 - (c) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Securities does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
 - (d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Securities under the applicable laws and regulations of the Relevant Member State;
 - (e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Securities by the Investor), and will not permit any application for Securities in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
 - (f) retain investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Issuer and the relevant Manager or directly to the appropriate authority with jurisdiction over any Manager in order to enable the Issuer or any Manager to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer or any Manager;
 - (g) ensure that no holder of Securities or potential investor in the Securities shall become an indirect or direct client of the Issuer or the relevant Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
 - (h) co-operate with the Issuer and the relevant Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Manager as is available to such financial intermediary or which is within its power and control from time to time,

together with such further assistance as is reasonably requested by the Issuer or the relevant Manager:

- (i) in connection with any request or investigation by any regulator in relation to the Securities, the Issuer or the relevant Manager; and/or
- (ii) in connection with any complaints received by the Issuer and/or the relevant Manager relating to the Issuer and/or the relevant Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or
- (iii) which the Issuer or the relevant Manager may reasonably require from time to time in relation to the Securities and/or as to allow the Issuer or the relevant Manager fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (i) during the period of the initial offering of the Securities: (i) not sell the Securities at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Manager); (ii) not sell the Securities otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Securities (unless otherwise agreed with the relevant Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Manager;
- (j) either (i) obtain from each potential Investor an executed application for the Securities, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Securities on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (k) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Manager to breach any Rule or subject the Issuer or the relevant Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (l) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;
- (m) make available to each potential investor in the Securities the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms provided by the Issuer for such purpose and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus and the applicable Final Terms; and
- (n) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Manager accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Manager (as applicable), use the legal or publicity names of the Issuer or the relevant Manager or any other name, brand or logo

registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Securities on the basis set out in the Base Prospectus;

- (2) agrees and undertakes to indemnify each of the Issuer and the relevant Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Manager.

Any financial intermediary who meets all of the conditions set out in "*Specific Conditions to Consent*" and "*Common Conditions to Consent*" above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (ii) under "*Specific Conditions to Consent*" above.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY SECURITIES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH SECURITIES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE SECURITIES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER AND ANY MANAGER (EXCEPT WHERE SUCH MANAGER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 26 September 2019. For the issue of any Series of Securities under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

Listing, approval and admission to trading

Application has been made to the CSSF, in its capacity as competent authority under the Prospectus Regulation, to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial opportuneness of the transactions set out under this Programme or the quality or solvency of the Issuer in compliance with the provisions of article 6(4) of the Prospectus Law 2019. Application has also been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be admitted to trading on (i) the Luxembourg Stock Exchange Regulated Market and to be listed on the Official List and (ii) the EuroMTF. The Luxembourg Stock Exchange Regulated Market is a regulated market for the purposes of the Directive 2014/65/EU as amended. The EuroMTF is not a regulated market for the purposes of the Directive 2014/65/EU as amended, but it is subject to the supervision of the CSSF.

Securities may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market or trading venue, or Securities may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets or trading venues as the Issuer may specify in the applicable Final Terms.

Documents available

For the term of the Base Prospectus and for so long as any Securities remain outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Issuer and on the Issuer website <http://www.bancaakros.it/en> (save that item (iii) will be available for inspection only):

- (i) this Base Prospectus and any supplements to this Base Prospectus (together with any prospectuses published in connection with any future updates in respect of the Base Prospectus) and any other information incorporated herein or therein by reference;
- (ii) the constitutional documents of the Issuer;
- (iii) the Agency Agreement and the forms of the Global Securities;
- (iv) any future Final Terms (save that a Final Terms relating to a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the relevant Issuing and Paying Agent as to its holding of Securities and identity) and any other documents incorporated herein or therein by reference;
- (v) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document);
- (vi) Parent Company press release of 5 November 2021 on the approval of the 2021-2024 Business Plan (https://gruppo.bancobpm.it/media/dlm_uploads/Banco-BPM-Strategic-Plan-2021-2024_Press-Release.pdf).

A copy of this Base Prospectus (and the information incorporated by reference therein) has been published on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and of the Issuer

(<http://www.bancaakros.it/en>). Any Final Terms that are listed on the Luxembourg Stock Exchange will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any Final Terms that are not listed on the Luxembourg Stock Exchange but which relate to a Security which is offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will be published on the website of the Issuer only.

Copy of the constitutional documents of Banca Akros are available on the following website: <https://www.bancaakros.it/en/company-documents/corporate-governance/>

The information on the websites does not form part of the Base Prospectus and has not been scrutinised or approved by the competent Authority.

The Base Prospectus will remain publicly available for a period of 10 years.

Clearing systems

Securities to be represented by a Global Security have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code or any other security identification code, and ISIN for each issue of Securities allocated by Euroclear and Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Italian Dematerialised Securities will be accepted for clearance in Monte Titoli. Italian Dematerialised Securities will be in bearer form (*al portatore*) and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy).

If the Securities of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

Conditions for determining price

The price and amounts of Securities to be issued under the Programme will be determined by the Issuer and any Manager(s) at the time of issue in accordance with prevailing market conditions.

Post-issuance information

Save as set out in any Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any underlying or any other asset or basis of reference in relation to any issue of Securities.

THE ISSUER

Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milan

PRINCIPAL SECURITY AND LUXEMBOURG LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy
L-2085 Luxembourg

CALCULATION AGENT

Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milan

LEGAL ADVISERS TO THE ISSUER

as to English law and Italian law

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