



BPM COVERED BOND S.r.l.

Registered office Via Curtatone, 3 – 00185 Rome (RM)

Quota Capital Euro 10,000, – fully paid up

Tax Identification Code and VAT No. 09646111006

A company which is part of Banco BPM VAT Group – Group VAT No. 10537050964

Economic Administrative Index (REA) RM-1179253

A company which is part of Banco BPM Banking Group – Listed in the Register of banking groups under No. 5034

Direction and coordination pursuant to Arts. 2497 et seq. Italian Civil Code: Banco BPM S.p.A.

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

This document is the English translation of the Italian Financial Statements, prepared for and used in Italy and translated only for the convenience of international readers. The Financial Statements were prepared using International Reporting Standards (IAS/IFRS). In the event of any incongruity the Italian text will prevail.

CONTENTS

Administrative Bodies and Independent Auditors	3
Report on Operations as at 31 December 2023	4
Financial statements	
Balance Sheet	25
Income Statement.....	25
Statement of Comprehensive Income.....	26
Statement of Changes in Quotaholders' Equity	27
Cash Flow Statement	29
Notes to the Financial Statements	
Part A – Accounting policies	30
Part B – Information on the Balance Sheet.....	36
Part C – Information on the Income Statement.....	39
Part D – Other information.....	41
Independent Auditors' Report	72

ADMINISTRATIVE BODIES AND INDEPENDENT AUDITORS

BOARD OF DIRECTORS

Angelo Zanzi	Chairman
Franco Marini	Director
Simone Girelli	Director

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

REPORT ON OPERATIONS

Dear Quotaholders,

The Financial Statements as at 31 December 2023, comprising the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Quotaholders' Equity, the Cash Flow Statement, the Notes to the Financial Statements and this accompanying Report on Operations, are hereby submitted for your approval.

Making use of the options provided by Art. 2, paragraph e) of Italian Legislative Decree 38/2005, BPM Covered Bond S.r.l. (the "Company"), as included in the consolidation scope of Banco BPM Group, prepares the Financial Statements in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by the IFRIC, standardised by the European Union, in force as at 31 December 2023. The same also comply with provisions of the Bank of Italy Circular of 17 November 2022 "The financial statements of IFRS Intermediaries other than banking intermediaries" and the update of the amendments with the letter dated 14 March 2023 regarding the impacts of COVID-19 and of the measures to support the economy.

Note that the Bank of Italy Circular of 17 November 2022 replaced the previous Circular of 29 October 2021, which had replaced the Circular of 30 November 2018, which in turn had replaced the Circular of 22 December 2017, although the previous Circular of 9 December 2016 had already removed from its application scope any reference to securitisation SPVs and to transferee for guarantees on bank bonds of banks belonging to a banking group not enrolled in the register, as these are entities no longer classifiable as non-banking financial intermediaries, following the completion of the Reform of Title V implemented by Italian Legislative Decree 141/2010 and subsequent corrective decrees.

As IAS 1 does not envisage a rigid format of the financial statements and pending the issuance of a new regulatory source to replace the previous one and regulate the financial statements of SPVs, these financial statements were prepared using the formats – which incorporate the changes introduced by the new international accounting standards – envisaged by the 8th update of the "Instructions on the preparation of financial statements of IFRS Intermediaries other than banking intermediaries" issued by the Bank of Italy on 17 November 2022.

1. Business operations

The Company was established on 21 September 2007 with business name DUSE FINANCE S.r.l. pursuant to Italian Law No. 130 of 30 April 1999 ("Law 130/99"), regulating the execution of securitisations in Italy. On 3 June 2008, the Company has changed its business name to BPM Covered Bond S.r.l ("BPM CB" or "Company"), as well as its business purpose.

Pursuant to Art. 4 of the Articles of Association, the sole purpose of the Company is the execution of one or more issue transactions (these being understood as both individual issues and issue programmes) of covered bonds, carried out pursuant to Art. 7-bis of Law 130/99, as subsequently amended and supplemented, and the corresponding implementing provisions, through the acquisition against payment of mortgages on land and property, loans to public administrations or guaranteed by these, individually or as a pool, and notes issued as part of securitisations on loans of the same nature, by taking out loans granted or guaranteed by the originators or other banks and providing guarantees for the bonds issued by these, or by other banks.

Following the coming into force, on 23 May 2015, of the Regulation of the Italian Ministry of Economy and Finance No. 53 of 2 April 2015 (the "Regulation"), carrying "Rules concerning financial intermediaries implementing Art. 106, par. 3, Art. 112, par. 3, and Art. 114 of Italian Legislative Decree No. 385 of 1 September 1993, as well as Art. 7-ter, par. 1-bis, of Italian Law No. 130 of 30 April 1999", published in the Official Journal No. 105 of 8 May 2015, the Company, recognised originally under No. 40174 of the General List of the financial intermediaries as set forth in Art. 106, par. 1 of Italian Legislative Decree No. 385 of 1 September 1993, and subsequent amendments (Consolidated Banking Law), was struck from this list on 21 September 2015, as, in its quality of transferee for the guarantee of bank bonds as set forth in Art. 7-bis of Law 130/1999 belonging to BPM Banking Group, known as Banco BPM Group since 1 January 2017, after the merger with Banco Popolare Società Cooperativa ("Banco Popolare"), it is no longer required to be registered in the register specified by Art. 106 of the Consolidated Banking Law (as amended by Italian Legislative Decree 141/2010), pursuant to Italian Ministry Decree No. 53 of 2 April 2015, and Bank of Italy Circular No. 0651854/15 of 12 June 2015.

The quota capital, fully paid in, is equal to Euro 10,000 as at 31 December 2023, split into units of the nominal value of one Euro or multiples of one Euro. It is held as follows:

- Euro 8,000, equal to 80%, by Banco BPM, (formerly BPM, a limited liability cooperative company) Parent Company of Banco BPM Banking Group, with registered office in Milan (Italy), 20121, at Piazza Filippo Meda 4, the new banking company, incorporated as of 1 January 2017, following the merger between Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c.a r.l., which has taken over statutory responsibility for all assets and liabilities of the two companies;
- Euro 2,000, equal to 20%, by the foundation set up under Dutch law “STICHTING HORIZONBURG” with registered office in Amsterdam (Netherlands), 1101 BA Hoogoorddreef 15.

Regulatory aspects

Art. 7-bis of Italian Law No. 130 of 30 April 1999, introduced by Italian Law No. 80 of 14 May 2005, established regulations for bank bonds covered by specific assets.

According to the new regulations, based on those for securitisations pursuant to Law 130/99, as subsequently amended and supplemented, covered bonds can be issued in accordance with an operating scheme, which envisages:

- the transfer from a bank, which need not be the same bank as the CB issuer, to a special purpose vehicle (SPV) of assets of a high credit quality, set up as segregated assets in accordance with the provisions of Law 130/99;
- disbursement to the transferee company, by the Originator or other bank, of a subordinated loan that provides the transferee with the funds necessary to purchase the assets;
- the issue by the transferee of a guarantee in favour of the bondholders, to the extent of the related segregated assets.

Based on Art. 7-bis, paragraph 5, Law 130/99, the Italian Ministry of Economy and Finance Decree No. 310 of 14 December 2006 (the “Italian MEF Decree”) established the implementing measures for profiles relating to:

- the maximum ratio of covered bonds to assets transferred (Art. 3, Italian MEF Decree);
- identification of the type of assets eligible for transfer and those which, with equivalent risk profiles, can be used for subsequent integration purposes (Art. 2, Italian MEF Decree);
- the characteristics of the guarantee given by the SPV (Art. 4, Italian MEF Decree).

Pursuant to paragraph 6 of the above-cited article 7-bis, on 15 May 2007, the Bank of Italy issued the Supervisory Provisions on covered bonds, which established the requirements for issuing banks, which had to have a high level of capitalisation given the specific features of the Covered Bonds market and the need to protect the various creditors other than CB holders, the asset guarantee for which is mitigated by the transfer of high-quality bank assets. To protect creditors other than CB holders, additional limits were established (associated with capital ratios at consolidated level) on the transfer of bank assets destined primarily for satisfying the CB holders. These Supervisory provisions were incorporated into Circular No. 285 of 17 December 2013 “Supervisory Provisions for Banks” with the update of 24 June 2014, which included the new Chapter 3 “Covered Bonds”.

During 2021, Italian legislation on covered bonds (CB) was subject to amendments by the legislator as a result, inter alia, of the implementation of Directive (EU) 2019/2162 ¹(the “Covered Bond Directive”) and of Regulation (EU) 2019/2160².

In particular, Legislative Decree no. 190 of 5 November 2021³, implementing the Covered Bond Directive (which, together with Regulation (EU) 2019/2160, introduced a harmonised regulatory framework for covered bonds at

¹ Directive (EU) 2019/2162 of the European Parliament and the Council of 27 November 2019 (Covered Bond Directive – CBD) on the issue of covered bonds and the public supervision of covered bonds, which amended Directive 2009/65/EC and Directive 2014/59/EU. The purpose of this Directive is to protect investors by establishing harmonised minimum standards at European Union level, in particular on the definitions and standards for covered bonds issued by credit institutions. These rules apply to the ways in which covered bonds are issued, structured, controlled and advertised.

² Regulation (EU) 2019/2160 of the European Parliament and the Council of 27 November 2019 (*Covered Bond Regulation* – CBR, which amended Regulation (EU) No. 575/2013 (known as the Capital Requirements Regulation (CRR)) to strengthen the conditions for granting preferential prudential treatment of covered bonds under the CRR.

³ ITALIAN LEGISLATIVE DECREE No. 190 of 5 November 2021: Provisions for the implementation of Directive (EU) 2019/2162 on the issue of covered bonds and covered bond public supervision, which amended Directive 2009/65/EC and Directive 2014/59/EU, and for the adaptation of national legislation to the provisions of Regulation (EU) 2019/2160, which amended Regulation (EU) No. 575/2013, as regards exposures in the form of covered bonds. Amendments to Italian Law no. 130 of 30 April 1999. (21G00207)

EU level), made significant changes to Law 130/1999 (i) by envisaging a new Title I-*bis* dedicated exclusively to Covered Bonds (adding from Articles 7-quinquies to 7-viciesquater) (ii) by repealing Articles 7-bis, 7-ter and 7-quater of the same law that up until now contained the Covered Bond regulations (iii) by repealing, among other things, the regulation set forth in the decree of the Italian Ministry of Economy and Finance of 14 December 2006, No. 310 and (iv) by making the application of the new regulation subject to the issue of some implementing provisions by the Bank of Italy with regard to certain provisions of the new Title I-*bis* concerning:

- eligible assets and related measurement criteria
- conditions for the inclusion of hedging derivative contracts among eligible assets
- hedge requirements
- liquidity requirements
- clauses for the automatic extension of maturities
- controlling company of the hedging aggregate
- public disclosure
- conditions for the issue of the authorisation for the new issue programmes.

Italian Legislative Decree No. 190/2021, which amended Law 130/1999, therefore envisages that the new regulatory framework applies to covered bonds issued after the implementing provisions come into force.

On 31 March 2023, the Bank of Italy published the amendments relating to Part Three, Chapter 3, of Circular No. 285 of 17 December 2013 “Supervisory Provisions for Banks”, containing the provisions on Covered Bonds. These amendments, in line with the provisions of Title I-*bis* of Law 130/1999, introduced by Italian Legislative Decree No. 190 of 5 November 2021, implement the changes introduced by Directive (EU) 2019/2162 Covered Bond Directive – CBD) and Regulation (EU) 2019/2160 (Covered Bond Regulation – CBR) which have defined a harmonised framework applicable to covered bonds issued by European banks, into the Italian legislation.

This update of Circular No. 285 provided for the implementation of the provisions of Title I-*bis* of Law 130/99 and the European regulations mentioned above.

In particular, European regulations standardise: (i) the set of assets that can be used as collateral and the characteristics that the collateral must have; (ii) the minimum requirements for overcollateralization at 5% (to be calculated with specific limits on the computability of the vehicle's current accounts) and for liquidity, which must be respected at issue programme level; (iii) the introduction of an ad-hoc supervisory regime on issue programmes, whose responsibility for the Italian legislation is assigned to the Bank of Italy with: (a) new authorisation procedures, including the need for banks to define internal operating limits for the transfer of eligible assets, consistent with the risk objectives and tolerance thresholds established within the “Risk Appetite Framework” (the previous limits were established by the Bank of Italy on the basis of the CET1 and T1 ratios) (b) organisational and risk management requirements, including the need to carry out controls at least every six months and to report them to the corporate bodies.

In compliance with the aforementioned legal provisions, pursuant to Art. 7-bis of Law 130/99, as subsequently replaced by Art. 7-octies of Law 130/99, the eligible assets, together with the relative ancillary elements, included in the segregated assets of the transferee company and the amounts paid by the related borrowers, the right to credit related to the non-life insurance contracts pursuant to Article 7-novies, paragraph 2, letter a), as well as any other receivable accrued by the transferee company in the context of the transaction referred to in the Article 7-sexies, are used to satisfy the rights, also pursuant to Article 1180 of the Italian Civil Code, of the CB holders and of the counterparties in derivatives arranged to hedge implicit risks in the assets included in the segregated assets, including those indicated in Article 7-decies, and the other ancillary contracts, as well as the payment of the other transaction costs, with priority over the repayment of the loans referred to in Article 7-sexies, letter b) of Law 130/99.

In compliance with the provisions of Law 130/99, (Art. 3, paragraph 2), the receivables relating to each transaction or issue programme (meaning both receivables due from the transferred borrower(s), and any other receivable accrued by the company referred to in paragraph 1 in the context of the transaction), the related collections and the financial assets acquired with them, constitute assets segregated, for all purposes, from those of the company and from those relating to other transactions or issue programmes. No shares are permitted on each segregated asset of creditors other than the holders of the covered bonds issued and of other creditors referred to in the previous period.

Unlike traditional securitisations, Covered Bonds have a performance structure implemented by forecasting a series of asset acquisition and transfer scenarios to maintain an asset portfolio of constantly high quality and to meet the maximum ratio with the covered bonds. Therefore, if at any time this ratio should be imbalanced, in the sense that the value of notes exceeds that of assets sold, the assets sold would be reintegrated.

In compliance with Art. 7-bis, paragraph 1, Law 130/99, as replaced by Art. 7-quater decies, the Transferee company issued an irrevocable, unconditional guarantee, enforceable on demand, to CB holders, autonomous with respect to the obligations assumed by the issuer bank and with limited recourse to assets recorded as segregated ("CB Guarantee"). In accordance with the CB Guarantee, if an Issuer default event should arise (e.g., the Issuer's failure to pay amounts due as principal and interest pursuant to the CBs issued), to the extent of the segregated assets, the Company will arrange to comply with Issuer's obligations to the CB holders according to the terms and conditions originally agreed, guaranteeing that subscribers' asset-related rights will in any event be satisfied.

The regulations on Covered Bonds (CBs) envisage that the integrity of the guarantee is ensured throughout the life of the CB; for this purpose the Programme structure involves a series of portfolio tests to guarantee that, where necessary, the Company is able to provide the cash flows needed to enable Banco BPM to pay the interest and principal on CBs issued. The accuracy of the test is verified by an independent entity, the asset monitor, which as envisaged in the Supervisory Provisions must be Independent Auditors. Portfolio management during the life of the Programme is governed by a Cover Pool Administration Agreement signed by the Company, the Originators and the Issuer Bank.

If all tests are passed, payment can be arranged to all players in the process in the order of priority indicated in the "payment waterfall". The infringement of the regulatory and contractual tests leads to an obligation for the originator bank to add to the portfolio through the transfer of eligible assets or integrative eligible assets.

Within the limits allowed from the provisions of Law 130/99, the Company may carry out the accessory transactions necessary for the provision of guarantees and the successful execution of the issue of covered bonds in which it takes part, or in any case instrumental to the achievement of its business purpose. It may also reinvest in other financial assets, in compliance with laws and regulations, the funds deriving from the management of the loans and notes acquired, if these are not immediately used to meet the rights of the holders of the covered bonds. Pursuant to Art. 7 of the Articles of Association, the Company cannot:

- issue debt notes as specified in Art. 2483 Italian Civil Code;
- collect savings from the Quotaholders.

The Company belongs to the banking group "Banco BPM Group" (the "Group"). It is therefore required to comply with the provisions that the Parent Company, as part of its activity of direction and coordination, issues for the implementation of the guidelines provided by the Bank of Italy to ensure the stability of the Group. The Directors of the Company provide to the Parent Company all data and information for the issue of these provisions, as well as all information needed to fulfil the obligations specified by the Law or by the Supervisory Authorities.

Amendments to the Supervisory Provisions on Covered Bonds

The new implementing provisions of the Bank of Italy: 42nd update of Circular No. 285 of 17 December 2013 "Supervisory Provisions for Banks" regarding covered bonds

The new rules govern the conditions for the issue, by the Bank of Italy, of the authorisation to launch new issue programmes, and establish the information that the applicant bank must transmit to the Bank of Italy, specifying in particular the content of the issue programme, which must include the structural characteristics of the transaction and indicate the parties participating in various capacities, as well as a report on the technical profiles and organisational structures for the management of the programme, in which the bank certifies the consistency of the objectives pursued by the programme with the risk levels defined in the Risk Appetite Framework (RAF).

The application aspects of the CB's structural requirements are also specified, with regard to identifying criteria for the inclusion of specific assets in the segregated assets, including assets backed by collateral and hedging derivatives, hedging and liquidity requirements, as well as the conditions for the transfer of the European labels "European covered bond" or "European covered bond (premium)" to the notes issued.

For the use of the “European covered bond (premium)” label, the need is also maintained for CBs issued by Italian banks to comply with the requirements set forth in Article 129 of CRR, including a minimum overcollateralization requirement of 5%.

Given the importance of the repercussions that the CB issue transaction has for the participating banks, the new regulation introduces specific organisational and risk management controls deriving from the programme, including, in particular, the obligation for the participating banks to adopt internal operating limits for the transfer of eligible assets, which must be consistent with the risk objectives and tolerance thresholds established within the RAF (“Risk Appetite Framework”) and must be respected both during the authorisation phase and during the course of the programme.

The provisions also envisage obligations for disclosure to investors and specify the powers of information and inspection supervision of the Bank of Italy as the competent authority for the supervision of the issue programmes.

Transitory regulations

The new regulations on CBs envisage that the Bank of Italy authorises the launch of new issue programmes. In derogation from this provision, the programmes in place at the date of entry into force of the new provisions do not need to be authorised. However, banks must ensure that the issues made after the entry into force of the implementing provisions, albeit as part of pre-existing programmes, comply with the new regulatory framework (Title I-bis of Law 130/1999 and relative implementing provisions of the Bank of Italy), also in order to be marketed under one of the new European labels envisaged by Art. 7-viciesbis of Law 130/1999. Compliance with this framework is a necessary condition for the newly issued notes to be marketed under the “*European Covered Bond (Premium)*” label and to benefit from preferential prudential treatment.

The transitory regulations envisage the obligation for prior communication of the intention to make a new issue for the first time, within a programme in place at the date of entry into force of the new provisions (the Communication) including (i) a certification by the body with strategic supervision of the issuing bank, after consulting the control body, regarding the adaptation to the new reference regulatory framework of the programme within which the new issue is to be made (the Certification) and (ii) a report of the Asset Monitor which, on the basis of agreed procedures, confirms that the new regulatory requirements have been implemented in the monitoring processes of the programmes in line with that envisaged by the new provisions.

The communication to the Bank of Italy therefore contains the information required to certify the adaptation of the programme to the new regulations, and includes the information elements that will enable the Bank of Italy to verify compliance with the new rules in the first-time application phase.

The Bank of Italy specified that this obligation must be fulfilled as regards the first issue of new covered bonds under an existing programme after the date of entry into force of the Provisions, and limited the content of the compliance certification to only elements that have been amended with respect to the previous regime.

Main changes introduced by the new reference regulatory framework

Eligible assets and measurement criteria

As regards issues of covered bonds, only eligible assets may constitute segregated assets, pursuant to Art. 7-novies of Law 130/99, which refers to the following categories of assets:

- (i) assets eligible pursuant to Article 129, paragraph 1 of Regulation (EU) No. 575/2013, as amended by Regulation (EU) No. 2160/2019⁴, provided that the issuing bank complies with the obligations set out in Article 129, paragraphs 1-bis to 3, of said regulation;
- (ii) the liquid assets envisaged in Art. 7-duodecies.

Eligible assets are considered such if the conditions set forth in paragraph 2 of Art. 7-novies cited are met. In essence, the main changes concern how derivative contracts and liquid assets can be included as eligible assets

⁴ In summary, the eligible assets pursuant to Art. 129, paragraph 1, of Reg. (EU) No. 575/2013, as amended by Reg. (EU) No. 2160/2019 are represented by: (a) exposures to, or exposures guaranteed by, central governments, central banks of the ESCB, public sector entities, regional administrations or local authorities in the EU or in third countries that meet the requirements of the Regulation; (b) exposures to credit institutions (classified according with the credit classes as per the Regulation) where such exposures are in the form of (i) short-term deposits with an original maturity of less than one hundred days, if used to meet the requirement of the liquidity buffer of the cover pool referred to in Article 16 of Directive (EU) 2019/2192, or (ii) derivatives that meet the requirements of Article 11, paragraph 1 of said directive, where permitted by the competent authorities; (c) loans secured by residential property and/or non-residential property, pursuant to or required by the Regulation (iv) ABS issued by entities that securitise exposures, relating to residential or non-residential properties, within the limits set by the Regulation.

if they meet the requirements of the Law. As regards mortgage loans granted to natural persons and legal entities backed by mortgages on residential and commercial properties, there are no particular changes except the provision of more details on the valuation procedures.

Integration of eligible assets

With regard to the control activities provided for transfers, whether supplementary or intended to support new issues, the new provisions introduce a change with respect to the previous process. In fact, the maximum transfer percentages of eligible assets referring to the CET1 and Tier 1 capital limits of the originator are no longer referred to.

The new provisions require banks to set internal operating limits on the amount of eligible assets that can be committed to CB programmes and that these limits are consistent with the risk objectives and tolerance thresholds defined in the RAF (Risk Appetite Framework), with particular reference to those relating to liquidity risk (LCR – Liquidity Coverage Requirement, NSFR – Net Stable Funding Requirement), the overall level of encumbered assets and non-performing loans (NPL – Non Performing Loans ratio).

Liquidity requirements: liquid assets and new liquidity buffer

Segregated assets may also include liquid assets that meet the conditions set forth in the new supervisory provisions. As part of the requirements envisaged for liquid assets, the new provisions also require the Bank to hold a liquidity buffer, in order to continuously ensure, for the entire duration of the programme, that the assets forming part of the segregated assets include a buffer of liquid assets and exposures to banks, (the latter in compliance with the limits and rating requirements envisaged by the regulations) which is at least equal to the maximum cumulative net cash outflow for the next 180 days.

Hedge requirements

The new provisions envisage a minimum level liability-hedging (known as the Overcollateralization Test), measured by the ratio between the assets included in the cover pool and the bonds issued (minimum level 5%). In addition, the hedging tests consider the new rules for calculating liquid assets.

Requirements for the application of preferential prudential treatment and for the use of the “European covered bond (premium)” label

In order to take advantage of the preferential prudential treatment, covered bonds must comply with the requirements set forth in Art. 129 of the CRR. In addition, in order to be marketed under the “European covered bond (premium)” label, they must also meet the new requirements with regard to the minimum level of overcollateralization, set at 5%.⁵

Periodic public disclosure

The provisions identify the minimum content and frequency of disclosure to investors.

Requirements to be met by the Asset Monitor

Compared to the previous provisions, the only change concerns the annual report of the asset monitor which will be sent, at the same time as it is sent to the BoD and the Board of Statutory Auditors, also to the Bank of Italy.

Organisational and risk management requirements

The new provisions confirm the current control system envisaged for these transactions, appropriately updated to include the new control mechanisms envisaged with regard to the new framework on transfers, the new minimum hedging requirement of 5% and the liquidity requirements, with regard to the limits envisaged for the liquid assets present in the segregated assets and the liquidity buffer.

1.1 Description of the Programme

On 6 June 2008, the Company resolved to invest in the Covered bond issue programme (“BPM CB1”) set in place by Banca Popolare di Milano S.c. a r.l., now Banco BPM S.p.A., for a maximum amount of Euro 10 billion, relating to residential and commercial landed and residential mortgage loans.

⁵ Furthermore, if derivatives arranged to hedge implicit risks in the cover pool or in the covered bonds are included, the counterparties of the latter must have a rating at least corresponding to credit class 3.

The Programme was implemented through without-recourse transfers to the Company by the originators, now Banco BPM, of the related monetary receivables deriving from:

- (i) residential and commercial mortgage loans with the characteristics set forth in Art. 2, paragraph 1, letters a) and b), respectively, of the Italian MEF Decree (Mortgage Loans), as subsequently replaced by Art. 7-novies "Eligible assets" of Law 130/99 and related implementing provisions of the Bank of Italy;
- (ii) loan agreements signed with or guaranteed, and notes issued or guaranteed, by entities pursuant to Art. 2, paragraph 1, letter c) of the Italian MEF Decree (Public Loans, Government Securities or Public Assets), as subsequently replaced by Art. 7-novies "Eligible assets" of Law 130/99 and related implementing provisions of the Bank of Italy;
- (iii) notes with the characteristics referred to in Art. 2, paragraph 1, letter d) of the Italian MEF Decree with underlying monetary receivables deriving from Mortgage loans or public assets (ABS), as subsequently replaced by Art. 7-novies "Eligible assets" of Law 130/99 and related implementing provisions of the Bank of Italy.

The detailed characteristics of the loans transferred during the various years were published in the Official Journal to inform borrowers of the transfer.

The transaction is the first covered bond programme launched by an Italian bank and was concluded in 2008 with the purchase without recourse pursuant to Arts. 4 and 7-bis of Law 130/99 (the "Covered Bond Law") by the Company of the first portfolio of eligible assets transferred by Banca Popolare di Milano S.C.a r.l. ("BPM Scarl") now Banco BPM S.p.A. ("Banco BPM" or the "Parent Company").

Note that on 1 January 2017, the merger between Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c. a r.l was finalised, which gave rise to a new banking company called Banco BPM S.p.A., the Parent Company of the Banking Group of the same name, which, pursuant to and by effect of Art. 2504-bis of the Italian Civil Code, took over the rights and obligations of the two companies participating in the merger, continuing all of the relations prior to the same.

In the context of said merger, carried out with deed of 13 December 2016, which has produced statutory, accounting and tax effects since 1 January 2017, it was decided to transfer the business unit including the entire branch network of BPM Scarl to the subsidiary Banca Popolare di Mantova S.p.A., which incorporated the assets and liabilities of the business unit, and has taken the name of Banca Popolare di Milano S.p.A ("BPM").

Subsequently, following the merger by incorporation of Banca Popolare di Milano S.p.A. ("BPM") into the Parent Company Banco BPM, completed in November 2018, and effective for accounting and tax purposes from 1 January 2018, as well as acting as Issuer Bank for the CBs (a role already held following the previous merger of BPM Scarl into Banco BPM), Banco BPM acted as sole Originator for the assets pursuant to Art. 7-bis of Italian Law no. 130 of 30 April 1999, as subsequently amended and supplemented, as well as sole Lending Bank.

Following the transfer of the assets, it is envisaged that the originator dispose a Subordinated Loan to the Company to provide it with the financial means needed to acquire the relative receivables; the Company must fully repay the subordinated loan on the last final repayment date or on the extended repayment date of the CBs, in accordance with the applicable order of priority and within the limits of the available funds, provided that, at each interest payment date, the subordinate loan can be repaid in advance, on condition that the residual principal amount of the loan is equal or higher than the residual debt of the CBs outstanding on each occasion, and that the tests contemplated by the regulations and by contract are complied with.

Over the years, a total of thirteen portfolios of eligible assets were sold to the SPV BPM Covered Bond S.r.l., with total residual debt of 16.716 billion. The SPV paid the purchase prices of the various portfolios using the Subordinated Loans granted by the Parent Company, and the available liquidity resulting from the amortisation of the loan portfolio deposited in its current accounts. The receivables acquired by the Company, as part of the Programme, are segregated from its assets; they are capital assets restricted to fulfil the rights incorporated in the notes issued by the Parent Company, as well as to the payment of the costs of the transaction.

In accordance with Supervisory provisions, the covered bonds were issued by the Parent Company and the investors benefit from an irrevocable and unconditional first demand guarantee provided by the SPV. The guarantee has as collateral a portfolio of performing residential mortgages, originated by BPM (and later by Banca di Legnano S.p.A. and We Bank S.p.A.), now Banco BPM S.p.A. The bond payments are independent from the cash flows and the performance of the portfolio given as collateral, until Banco BPM will be able to meet the payments (dual recourse).

The portfolio originally transferred amounted to Euro 1,218,502,199, is comprised by a residential mortgage loan originated by BPM and derives from the "Master Receivables Purchase Agreement" (a framework transfer agreement with the provisions for the transfer of the first loan portfolio and for each subsequent portfolio to be transferred as part of the Programme) concluded on 9 June 2008 between BPM CB and BPM.

By virtue of this transfer agreement of monetary claims that can be identified as a pool concluded on 9 June 2008 (Master Receivables Purchase Agreement), pursuant to the joint provisions of Arts. 1 and 4 of the Covered Bond Law and Art. 58 of the Consolidated Banking Law, on 15 June 2009, BPM CB purchased, without recourse, a second portfolio of loans from BPM Scarl, comprised by residential mortgage loan agreements for a transfer value of Euro 1,304,703,260. On 5 October 2010, moreover, the Parent Company, as Issuer, resolved to make changes to the structure of the Programme and to the corresponding contractual documentation in order to implement a Multi Originator & Multi Seller structure. In October 2010, Banca di Legnano S.p.A. ("BDL") joined the Programme and (ii) on 15 October 2010, BPM Scarl transferred, without recourse, a third portfolio of assets, eligible pursuant to Art. 2 of the Regulation, to the Company, comprised by receivables originating from residential mortgage loans disbursed by BPM, for the amount of Euro 1,137,230,877 and (iii) on 14 October 2010, BDL transferred, without recourse, a new portfolio of eligible assets pursuant to Art 2 of the Regulation to the Company, consisted of receivables originating from residential mortgage loans disbursed by BDL for the amount of Euro 478,677,231. The acquisition of both portfolios was funded by BPM with an integration to the outstanding subordinated loan equal to Euro 757,230,876, and by BDL, with a subordinated loan for Euro 478,677,231.

On 4 March 2011, the Issuer carried out a TAP issue on CB Series 3 (Euro 750,000,000 Fixed Rate Covered Bonds due 16 November 2015, issued on 4 November 2010), while the Company acquired a portfolio of Eligible assets (fourth portfolio) from BPM Scarl consisting of BOT issued by the Italian Republic with a total nominal value of Euro 200,000,000. The acquisition of this portfolio, for a transfer price equal to Euro 198,041,800, was funded with an integration of the Term Loan B subordinated loan concluded on 9 June 2008 with BPM. In July 2011, the Company carried out a full early disinvestment of this notes portfolio, for a total value of Euro 198,703,000, generating profits on investments for Euro 661,200.

On 17 June 2011, the Company acquired, without recourse, a fifth portfolio of eligible assets from BPM for a transfer value of Euro 639,124,585. After this transfer, on 14 July 2011, the Issuer carried out the fourth issue of Covered Bonds (Euro 1,000,000,000 Floating Rate Covered Bonds due 18 January 2014). The acquisition of the portfolio was fully funded by the Parent Company with an integration to the subordinated loan Term Loan B, concluded on 9 June 2008 with the Company.

In June 2012, as Rating agencies Moody's and Fitch had adopted new regulatory criteria, the Company made a series of amendments to the contracts signed under the Programme. After signing said contractual changes, the Parent Company requested the Company, as Guarantor, to approve the partial early repayment of Term Loan A signed at the time of the issue of CB Series 2 and 3 (Series 2 ISIN IT0004540289 and Series 3 ISIN IT0004654288) after the partial repayment of the two CB issues by the Issuer in July 2012, respectively for Euro 91,985,000 and Euro 147,000,000. In July 2012, the Parent Company carried out also a TAP issue of CB Series 4 (issued in July 2011), for an amount equal to Euro 300,000,000, which will become exchangeable with CB Series 4.

In the context of the Multi Originator & Multi Seller structure of the Programme, in March 2013, WEBANK joined the transaction and transferred the Company, without recourse, a new portfolio of eligible assets pursuant to Art. 2 of the Regulation. (Term Loan B, converted into Term Loan A at the time of the issue of CB Series 5, which took place in December 2013) for Euro 432,985,659.

On 14 September 2013, the merger by incorporation of BDL into BPM S.c. a r.l. was completed, as a result of which the BDL portfolio has been included in the BPM Scarl portfolio.

Again, in the context of the Programme, on 8 November 2013, the Company acquired, without recourse, a further portfolio (sixth portfolio) of performing mortgage loans from BPM for a transfer value of Euro 993,291,417. After this transfer, on 28 November 2013, the Issuer carried out the fifth issue of covered bonds (Euro 650,000,000 Floating Rate Covered Bonds due 28 May 2016) (the "CB Series 5"). The acquisition of the portfolio was fully funded by the Parent Company with an integration of the Term Loan B subordinated loan concluded on 9 June 2008 (converted into Term Loan A at the time of the issue of CB Series 5).

In July 2014, the Parent Company informed the Company that the ("decontamination") activities carried out by the relevant corporate functions on the verification and possible re-establishment of the eligibility requirements for

supervisory purposes of the mortgages had shown that, within the Programme, the Company had been transferred some loans that were not in compliance with current laws and regulations on covered bonds, or with the provisions of the Programme agreements.

To remedy this situation, the following initiatives were carried out:

- (i) with reference to the loans that did not meet the blocking criteria (which, from the legal point of view, are considered as never transferred to the Company), on 28 September 2014, the transfer price originally paid by the Company was adjusted, with the payment to the latter of the amount of Euro 23,770,906. At the same time, a repayment was carried out on Term Loan B for Euro 19,094,691;
- (ii) the loans with regard to which some statements made in the Warranty and Indemnity Agreement were found to be incorrect, known as "Affected Receivables", were bought back on 26 July 2014 (by concluding a pool transfer agreement pursuant to Art. 58 of Italian Legislative Decree No. 385 of 1/9/1993) paying the Guarantor the amount of Euro 13,947,430. At the same time, a repayment was made on Term Loan B for an amount equal to Euro 13,901,635.

On 25 November 2014, the merger by incorporation of WEBANK into BPM S.c.a r.l was completed, as a result of which the WEBANK portfolio has been included in the BPM Scarl portfolio.

On 10 December 2014, BPM transferred, without recourse, a new portfolio of mortgage loans (the seventh portfolio) to the Company for a transfer value of Euro 1,293,636,707. The acquisition of the portfolio was funded, in part, using the available funds deposited on the accounts of the Company, for an amount equal to Euro 404,265,926 and, in part, by the Parent Company with an integration of the Term Loan B subordinated loan concluded on 9 June 2008 (to be converted in Term Loan A at the time of the issue of CB "Series 6") for Euro 889,370,781.

On 10 March 2015, the participation, as Guarantor, of the Company to CB "Series 6", issued on 20 March 2015, was approved for a value of Euro 600,000,000, and the Term Loan B subordinated loan was converted in Term Loan A for an equal amount.

On 24 June 2015, the Board of Directors of BPM CB resolved the participation in the TAP issue of CB "Series 6", to take place on 10 July 2015, for an amount equal to Euro 150,000,000. This transaction also led the conversion of the subordinated loan from Term Loan B to Term Loan A, for an equal amount. On 23 October 2015, the Issuer carried out the early partial repayment of CB Series 4 for Euro 500,000,000. Following this transaction, by signing the Repurchase Transfer Notice of 27 October 2015, it bought back from BPM excess collateral available in the Cover Pool, for an amount equal to 340,041,494, effective 24 October 2015. Following this transaction, on 16 November 2015, the subordinated loan of Term Loan B was reduced for the corresponding amount, and, in equal date, on maturity of CB Series 3, the Company carried out a repayment of Term Loan A for an amount equal to Euro 912,880,000. Immediately after the repayment of CB Series 3, the Parent Company carried out a seventh CB issue, for an amount equal to Euro 900,000,000, with variable-rate coupon and seven-year maturity. The issue was carried out in a "retained" format, as the CBs issued had not been placed on the market but bought back by the Parent Company to be used in refinancing transactions with the European Central Bank or market counterparties. For this reason, on 16 November 2015, the Company resolved to take part as Guarantor in the issue of this series and the subordinated loan was converted from Term Loan B to Term Loan A for an equal amount, on 1 December 2015.

On 17 November 2015, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal on Term Loan B, for an amount equal to Euro 220,000,000.

On 26 May 2016, the Issuer carried out the early partial repayment of CB Series 5 for Euro 275,000,000. At the time of the partial repayment of CB Series 5, the corresponding Final Terms, already underwritten by the Company as Guarantor, were amended to include an extension of the maturity of the security by 5 years, up to May 2021 ("Amendment of Final Terms of the Fifth Issue"). Following this Amendment, BPM bought back from the Company the excess collateral available in the Cover Pool, for an amount equal to Euro 198,726,942, effective 7 May 2016. On 16 August 2016 and 17 October 2016, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, respectively for a total amount of Euro 60,000,000. On 24 October 2016, on maturity of CB Series 2, the Company carried out the repayment of Term Loan A for an amount equal to Euro 878,065,000. After the repayment of CB Series 2, the Parent Company announced its intention to carry out an eighth CB issue, for an amount equal to Euro 1,000,000,000, with variable-rate coupon and five-year maturity. For this reason, on 26 October 2016, it was resolved to take part as Guarantor in the issue of this series, carried out on 7 November 2016, and the subordinated loan was converted from Term Loan B to Term Loan A for an equal amount, on 10 November 2016. The issue was carried out in a "retained" format, as the CBs issued had not been placed on the market but bought back by the Parent Company to be used in refinancing transactions with the European Central Bank or market

counterparties. On 15 November 2016 and 6 December 2016, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company intervened on the principal of Term Loan B, with respectively a reduction equal to Euro 85,000,000 and an integration equal to Euro 20,692,799.

On 21 October 2016, BPM terminated the agreement with Fitch Ratings Ltd for the allocation of ratings for the CB Series issued within the Programme. Therefore, after this date, any reference to rating agencies during the transaction must be understood to be made to Moody's alone.

On 10 January 2018 the Company carried out the early full repayment for the residual amount of Euro 375,000,000 of CB Series 5 with maturity on 28 May 2021, with subsequent conversion of the subordinate loan from Term Loan A to Term Loan B of Euro 375,000,000. In March 2018, BPM S.p.A. carried out the "en bloc" repurchase of the receivables deriving from loans classified as bad loans until 31 January 2018, for Euro 23,771,158 and for a repurchase price, net of write-downs, of Euro 14,695,379, collected on 12 April 2018.

In April 2018, following an amendment of the contractual documentation to enable Banco BPM access as "Additional Seller" and as "Additional Lender", and to envisage new transfer criteria with a view to also including commercial mortgage loans and disbursements to Group employees, Banco BPM and BPM S.p.A. respectively transferred, without recourse, a new portfolio of eligible assets to the Company ("Banco BPM First Portfolio" and "BPM Eighth Portfolio"). The purchase price of the Banco BPM First Portfolio, of Euro 3,571,279,053, and of the Eighth portfolio of Euro 297,831,809, was paid by the Company using the funding provided to it by Banco BPM and by BPM deriving from the disbursement of a subordinated loan for an amount equal to the respective transfer prices.

With Board of Directors resolution of 6 April 2018, the participation, as Guarantor, of the Company, in the issue on 26 April 2018 of CB "Series 9" for an amount of Euro 2,500,000,000, and in the issue of "Subsequent Series", was also approved. CB "Series 10" was issued on 23 November 2018 for an amount equal to Euro 600,000,000. In 2018, on 15 January and 15 October, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out a partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 650,000,000.

In December 2018, Banco BPM repurchased "en bloc" the positions classified as bad loans at 30 November 2018, for an amount equal to Euro 14,892,437 and for a repurchase price, collected on 28 December, equal to Euro 13,957,888.

On 4 July 2019, the Company carried out the early full repayment of the residual amount of Euro 500,000,000 of CB Series 4 with maturity on 18 July 2019 and, on 15 July 2019, to align the value of the subordinated loan to the value of the Cover Pool Asset, part of the principal on the loan on Term Loan B was reduced and refunded for an amount equal to Euro 350,000,000.

In September 2019, Banco BPM transferred a new portfolio of residential and commercial mortgage loans, including disbursements to Group employees, for the amount of Euro 698,779,296 ("Banco BPM Second Portfolio", ninth transfer to the Company) and to this end, Banco BPM granted the SPV a subordinated line of credit corresponding to the amount of the assets related to the Second Portfolio. With Board of Directors resolution of 19 September 2019, the participation, as Guarantor, of the Company, in the issue on 27 September 2019 of CB "Series 11", for an amount of Euro 650,000,000, was also approved.

On 10 January 2020, the Company carried out the early partial repayment of CB Series 6 with maturity on 16 March 2020 for Euro 150,000,000 and, at the same time, the residual repayment of Euro 600,000,000, followed by the conversion of the subordinated loan from Term Loan A to Term Loan B for Euro 750,000,000. On 15 April 2020, 17 July 2020 and 15 October 2020, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 880,000,000.

On 29 April 2020, all of the parties participating in the Master Agreement signed the Master Amendment Agreement, which implemented certain amendments to the Transaction Documents requested by Banco BPM. Moreover, on 8 July 2020, the annual update to the Prospectus was approved.

In October 2020, Banco BPM repurchased "en bloc" the positions classified as bad loans as at 10 October 2020, for the amount of Euro 14,547,642 and for a repurchase price of Euro 12,859,231, paid to the SPV in November 2020.

A partial early repayment of 600 million of issued CB Series 9 was made on 7 January 2021, followed by the

conversion of the subordinated loan from Term Loan A to Term Loan B for the same amount. In April 2021, the Final Terms of Series 9 retained were amended to extend the maturity from 26 June 2021 to 26 June 2025.

With the signature of the relative transfer agreement on 30 June 2021, with economic effective from 12 June 2021, the Company acquired a new portfolio of eligible assets ("Banco BPM Third Portfolio", tenth transfer to the Company) comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM for a price of Euro 498,987,043. The Company paid Banco BPM the transfer price through the use of subordinated lines of credit available with Banco BPM.

Furthermore, also on 30 June 2021, by signing the relative contracts, Banco BPM repurchased "en bloc" the positions present in the CB Programme that were classified as bad loans at 31 May 2021. Banco BPM paid the repurchase price, corresponding to Euro 5,312,585 to the SPV on 1 July 2021.

On the Guarantor Payment Dates of 15 January 2021, 15 April 2021, 15 July 2021 and 15 October 2021, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 840,000,000.

On 29 October 2021, the Final Terms of Series 8 retained were amended to extend the maturity date from 7 November 2021 to 7 November 2025.

With the signature of the relative agreements on 28 March 2022, the Company purchased a new portfolio of eligible assets (Banco BPM Fourth Portfolio, eleventh transfer to the Company), comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM for a price of Euro 415,682,744. In March 2022, the Company paid Banco BPM the transfer price through the use of subordinated lines of credit available with Banco BPM.

Again on 28 March 2022, by signing the relative contracts, Banco BPM repurchased "en bloc" the positions included in the Programme that were classified as bad loans as at 28 February 2022, together with several positions classified as unlikely to pay as at 31 December 2021. Banco BPM paid the price for these repurchases to the SPV in March 2022.

On 23 November 2022, by signing the relative contracts, Banco BPM repurchased, inter alia, as a pool, (i) the positions in the Programme which, as at 31 October 2022, were classified as bad loans, (ii) a portion of mortgages previously transferred to the SPV and no longer classifiable as "eligible", insofar as on 13 November 2022, the mortgage collateral had expired and (iii) a portion of mortgages previously transferred to the SPV and no longer classifiable as "eligible", disbursed by the former BPM between 1 January 2017 and 18 July 2017. Banco BPM paid the considerations for these repurchases to the SPV on 24 November 2022.

In November 2022, the Final Terms of the retained Seventh Series were amended in order to extend the maturity from 19 November 2022 to 19 November 2027. On the maturity date of 23 November 2022, CB Series 10 was fully repaid for Euro 600,000,000, with subsequent conversion of the subordinate loan from Term Loan A to Term Loan B for the same amount.

On the Guarantor Payment Dates of 17 January 2022, 15 April 2022, 15 July 2022 and 17 October 2022, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 835,000,000.

With the signature of the relative agreements on 22 May 2023, the Company purchased a new portfolio of eligible assets (Banco BPM Fifth Portfolio, twelfth transfer to the Company), comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM for a price of Euro 1,606,400,141. In May 2023, the Company paid Banco BPM the transfer price through the use of subordinated lines of credit available with Banco BPM.

In addition, also on 22 May 2023, by signing the relative contracts, Banco BPM repurchased, as a pool, (i) the positions in the Programme which, as at 30 April 2023, were classified as bad loans, (ii) a portion of mortgages previously transferred to the SPV and no longer classifiable as "eligible", including all mortgages for which, as at 7 May 2023, the mortgage collateral had expired and (iii) several positions classified as unlikely to pay as at 5 April 2023. Banco BPM paid the repurchase prices for these loans to the SPV in May 2023.

With Board of Directors resolution of 8 November 2023, the participation of the Company, as Guarantor, in the issue on 27 December 2023 of CB "Series 12" retained, for an amount of Euro 600 million, was also approved.

With the signature of the relative agreements on 21 December 2023, the Company purchased a new portfolio of eligible assets (Banco BPM Sixth Portfolio, thirteenth transfer to the Company), comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM for a price of Euro 2,080,357,987. In December 2023, the Company paid Banco BPM the transfer price through the use of subordinated lines of credit available with Banco BPM.

In addition, also on 21 December 2023, by signing the relative contracts, Banco BPM repurchased, as a pool, (i) the positions in the Programme which, as at 30 November 2023, were classified as bad loans, (ii) a portion of mortgages previously transferred to the SPV and no longer classifiable as “eligible” insofar as, their mortgage collateral was due to expire by 31 December 2023 and (iii) several positions classified as unlikely to pay as at 30 September 2023. Banco BPM paid the repurchase prices for these loans to the SPV in December 2023.

On the Guarantor Payment Dates of 16 January 2023, 17 April 2023, 17 July 2023 and 16 October 2023, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 1,450 million.

For the performance of the transaction, we refer to the paragraph of the Notes to the Financial Statements H.9. “Cash flows” and for the quantitative information to the Annex H.1 “Summary of the Cover Pool Asset”.

The transaction is fully described in Part D “Other Information” of the Notes to the Financial Statements in compliance with the provisions issued by the Bank of Italy mentioned previously, which regulate the procedures for the preparation of financial statements, pending the issuance of a new regulatory source to replace the previous one and regulate the financial statements of securitisation SPVs and transferee companies for guarantees on bank bonds.

2. Economic scenario

The international scenario

In the first half of 2023, the global economy slowed appreciably with respect to the average growth rate of 2022, although exceeding the initial, more pessimistic expectations. High inflation, rising interest rates, a reduction in production investments in various Western economies and the obstacles that the Russian invasion of Ukraine continues to pose, as well as the uncertainties linked to the recent conflict in the Middle East, represent the main obstacles on a path to growth. In the United States and the Eurozone, the firmness of monetary policies was progressively transmitted to the real economy, causing a tightening of lending conditions. In addition, the prospects for a more robust global economic recovery weakened, both due to the above factors and to growing uncertainty (also linked to the resumption of the Israeli-Palestine conflict in the Middle East), and to the increasingly serious impact of climate change and structural macroeconomic challenges that remain largely unresolved.

The European and Italian economy

In the first half of the year, the Eurozone managed to overcome the winter, avoiding both energy shortages and the serious recession feared by many, and actually received support for growth – obviously on a relative basis – from the drop in gas prices, which granted partial relief to consumers; on the other hand, inflation negatively affected growth through lower real disposable incomes of European households. During the year, the European Union's economy improved (although the differences between countries were still significant), albeit with a slowdown in the pace of growth. In 2023, the gross domestic product of the Eurozone is expected to grow by less than 0.6%; the downsized growth estimates depend on the impact of the cost of living on household consumption, the weakness of foreign demand (the economy did not take off in almost the whole world after the pandemic) and the policy of the European Central Bank, which raised the interest rates to curb inflation. Inflation showed a gradual and significant slowdown: in October 2023 it fell to 2.9% (9.2% in December 2022), reflecting the sharp slowdown in energy prices. In terms of fiscal policies to support growth, during the current year, the European Commission distributed part of the funds under the Recovery and Resilience Facility.

At the beginning of the year, expectations regarding the Italian economy were mainly based on the assumption that a recession would be avoided. The extent of GDP growth in the first few months therefore surprised most observers. Despite the fall in international demand and the elimination of part of the fiscal and cost-mitigation measures to combat high energy prices, in the first quarter, the Italian economy actually rose by +0.6% qoq

(+1.9% yoy), with growth for 2023 of +0.9%. The rise in GDP was entirely supported by domestic demand, net of inventories, which made a positive contribution (+0.7%), while net foreign demand made a marginally negative contribution. In terms of the change acquired, for 2023 growth stood at +0.8% in the second quarter, slightly down compared to the figure for the first quarter, which was +0.9%. In the third quarter, Italian GDP was stable compared to the previous three months and the change in GDP growth for 2023 was 0.7%. The revised GDP estimates for the whole of 2023 show a growth of +0.8% yoy. International economic prospects remain highly uncertain, conditioned by the worsening of geopolitical tensions and unfavourable financial conditions for households and businesses. The labour market continues to be resilient despite the economic weakness.

In conclusion, after the COVID-19 health crisis, although 2023 was characterised by a more reassuring macroeconomic scenario in terms of growth compared to the forecasts at the end of 2022, the recovery of the Italian economy was influenced by increasingly restrictive monetary conditions for businesses and households, as a direct consequence of the inflation increase, the obstacles related to geopolitical tensions between Russia and Ukraine and the recent conflict in the Middle East, as well as the increasingly serious and frequent impacts linked to climate change.

In late 2023, the broader scenario indicates a slowing of inflationary trends alongside a deceleration in economic growth. This slowdown is influenced by uncertainties surrounding the macroeconomic environment, notably the ongoing Russian-Ukrainian conflict, as well as concerns and uncertainties regarding potential impacts on the global economic system stemming from recent conflicts in the Middle East. From a market perspective, the effects of a monetary policy that remains restrictive and that will see high interest rates continuing for a long period are now clearly perceived.

Monetary policy and financial markets

The global economic scenario is still burdened by elements of uncertainty, which affect the volatility of commodity prices and slow down production activities and international trade. In this context, the orientation of monetary policies in the main Western economies has continued to be restrictive. In the meantime, headline inflation has embarked on a downward trend that has led it to fall significantly compared to the maximum levels, in the Eurozone and in the USA, thanks to the fall in the prices of energy commodities. In the Eurozone, inflation lagged behind that of the United States and started to decrease a few months later, in the wake of a significant decline in energy commodity prices. The ECB has further tightened its restrictive stance by using all the tools at its disposal. This led, first of all, to increases in the policy interest rates, bringing the interest rate on the main refinancing transactions to 4.5% and the rate on deposits to 4.00% at the end of 2023. The ECB has also emphasised that the decisions of the Governing Council will be “data driven” and will ensure that the policy rates are established at adequately restrictive levels to ensure a prompt return of inflation to the 2% target in the medium term and are maintained at these levels for as long as required.

3. Significant events during the year

BPM COVERED BOND PROGRAMME (“BPM CB1”)

Renewal and update of the Programme to adapt to the new reference regulatory framework for covered bonds

On 31 March 2023, the Bank of Italy published the amendments relating to Part Three, Chapter 3, of Circular No. 285 of 17 December 2013 “Supervisory provisions for banks”, containing the provisions on Covered Bonds. These amendments, in line with the provisions of Title I-bis of Law 130/1999, introduced by Italian Legislative Decree No. 190 of 5 November 2021, implement the changes introduced by Directive (EU) 2019/2162 (Covered Bond Directive – CBD) and Regulation (EU) 2019/2160 (Covered Bond Regulation – CBR) which have defined a harmonised framework applicable to covered bonds issued by European banks, into the Italian legislation.

The new regulatory framework defines the requirements to be able to market the new issues of covered bonds under the “European Covered Bond (Premium)” label and guarantee the preferential prudential treatment envisaged by Article 129 of the CRR.

In September 2023, as part of the annual update of the issue programme, the changes to the contractual documentation needed to align the programme with the new reference regulatory framework were implemented, following the issue by the Bank of Italy, of new supervisory provisions on “covered bonds”.

In particular, in terms of documentation, the contracts of the programme were suitably updated to provide, among others, (i) all the new liquidity requirements envisaged by the new supervisory provisions and (ii) the option to use a level of overcollateralization lower than 7.5% but in any event not lower than the 5% coverage requirement.

On the basis of the new regulatory framework and in light of the changes made to the issue programme, the future covered bonds issued under the programme will be marketed under the “European Covered Bond (Premium)” label.

Transfer of 5th portfolio of Banco BPM mortgage loans

In execution of the resolutions of the Board of Directors of Banco BPM on 8 May 2023, and of the Board of Directors of BPM Covered Bond S.r.l. on 16 May 2023, on 6 May 2023, the Company acquired a new portfolio of eligible assets (Banco BPM Fifth Portfolio, twelfth transfer to the Company) with a residual debt of Euro 1,614,480,766, comprised by residential mortgage loans, including disbursements to Group employees, and by commercial mortgage loans originated by Banco BPM. This transaction was completed with the signature of the relative transfer agreements on 22 May 2023 (with economic effect from the valuation date of 7 May 2023 exclusive) and the loan transfer notice was published in Part II of the Official Journal of the Italian Republic No. 62 on 27 May 2023.

Details are provided below of the loans acquired by the Company at a price of Euro 1,606,400,141, which represents the residual debt at the valuation date (included), net of collective, analytical write-downs and amortised cost at the date of the latest financial statements approved by the Originator (31 December 2022), including interest accrued at the date of purchase of the loans. The portfolio does not include loans disbursed after 31 December 2022.

Bank	Residual debt (*)	Collective write-down	Analytical write-down	Amortised cost	Accruals	Transfer price
Banco BPM	1,614,480,766	(1,477,340)	(108,024)	(7,098,891)	603,630	1,606,400,141

(*) The residual debt includes capital up to maturity of Euro 1,613,580,917, plus principal and past-due interest of Euro 899,849.

On 23 May 2023, the Company paid Banco BPM the transfer price through the use of subordinated lines of credit available with Banco BPM.

Transfer of 6th portfolio of Banco BPM mortgage loans

In execution of the resolutions of the Board of Directors of Banco BPM on 7 November 2023, and of the Board of Directors of BPM Covered Bond S.r.l. on 8 November 2023, on 16 December 2023, the Company acquired a new portfolio of eligible assets (Banco BPM Sixth Portfolio, thirteenth transfer to the Company) with a residual debt of Euro 2,091,067,159, comprised by residential mortgage loans, including disbursements to Group employees, and by commercial mortgage loans originated by Banco BPM. This transaction was completed with the signature of the relative transfer agreements on 21 December 2023 (with economic effect from the valuation date of 17 December 2023 excluded) and the loan transfer notice was published in Part II of the Official Journal of the Italian Republic No. 152 on 28 December 2023.

Details are provided below of the loans acquired by the Company at a price of Euro 2,080,357,987, which represents the residual debt at the valuation date (inclusive), net of collective, analytical write-downs and amortised cost at the date of the latest financial statements approved by the Originator (31 December 2022), including interest accrued at the date of purchase of the loans. The portfolio does not include loans disbursed after 31 December 2022.

Bank	Residual debt (*)	Collective write-down	Analytical write-down	Amortised cost	Accruals	Transfer price
Banco BPM	2,091,067,159	(1,757,560)	(785,608)	(10,848,326)	2,682,322	2,080,357,987

(*) The residual debt includes capital up to maturity of Euro 2,090,495,173, plus principal and past-due interest of Euro 571,986.

On 22 December 2023, the Company paid Banco BPM the transfer price through the use of subordinated lines of credit available with Banco BPM.

For the purposes of both transfers, the new Supervisory Provisions, in force since 31 March 2023 were applied, which provide for the issue, by the risk control function of the originator, of a report certifying compliance with the internal operating limits for the disposal of eligible assets and consistency with the limits set in the RAF.

In this regard, it should be noted that the Board of Directors of Banco BPM on 8 May 2023 approved, inter alia, following the amendments made to the Supervisory Provisions on covered bonds (Bank of Italy Circular No. 285/2013), the adoption of internal operating limits on the amount of eligible assets to be used for covered bond programmes, in line with the risk objectives and tolerance thresholds defined in the Risk Appetite Framework, with particular reference to those relating to liquidity risk (LCR, NSFR), the overall level of encumbered assets and the NPE ratio, and to be updated to take into account changes in the bank's strategy and operations.

On the basis of the reports of the Risk function of Banco BPM, in line with the new regulatory framework, these new internal limits on the transfer of eligible assets were respected for the purposes of proceeding with the transfers on the BPM CB1 programme. Furthermore, no elements of non-compliance with the aforementioned regulations were identified with regard to the identification and measurement criteria of the assets transferred.

Repurchase of mortgages and bad loans

The Board of Directors of BPM Covered Bond S.r.l. of 13 December 2022, endorsing the resolution of the Parent Company Banco BPM of 29 November 2022, approved, under the Programme, the renewal of the annual ceiling, expiring on 31 December 2023, of up to a maximum of Euro 100 million, within which the Parent Company Banco BPM may make periodic repurchases of loans transferred to the SPV.

In addition, the Board of Directors of BPM Covered Bond S.r.l. of 16 May 2023, endorsing the resolution of the Parent Company Banco BPM of 8 May 2023, approved the retrocession to Banco BPM of ineligible mortgages under the BPM CB1 Programme for a maximum amount of Euro 4 million, excluding UTP positions and bad loans already considered in the annual ceiling, with payment of the relative transfer price to the SPV.

In execution of these resolutions, on 22 May 2023, by signing the relative contracts (and with economic effect from 8 May 2023 inclusive), Banco BPM repurchased, as a pool:

- the positions in the Programme, which were classified as bad loans as at 30 April 2023, for an amount equal to Euro 4,645,419 and for a repurchase price, net of write-downs, of Euro 3,820,076;
- a portion of mortgages previously assigned to the SPV and no longer classifiable as "eligible", including all mortgages which as at 7 May 2023 (inclusive) had an expired mortgage collateral, for an amount of Euro 3,044,135 (including accruals) and for a repurchase price, net of write-downs and of amortised cost, of Euro 3,041,102 (the expiry of the mortgage collateral renders the loan unsecured and, therefore, not eligible for the programme);
- of some positions classified as unlikely to pay as at 5 April 2023 (inclusive), for an amount of Euro 5,085,348 (including accruals) and for a repurchase price, net of write-downs, of Euro 4,126,045.

Banco BPM paid the SPV the price for the repurchases in May 2023. The loan transfer notice was published in Part II, Official Journal of the Italian Republic No. 62 of 27 May 2023.

The Board of Directors of BPM Covered Bond S.r.l. of 8 November 2023, endorsing the resolution of the Parent Company Banco BPM of 7 November 2023, approved the retrocession to Banco BPM of ineligible mortgages under the BPM CB1 Programme for a maximum amount of Euro 15 million, excluding UTP positions and bad loans already considered in the annual ceiling, with payment of the relative transfer price to the SPV.

In execution of these resolutions, on 21 December 2023, by signing the relative contracts (and with economic effect from 18 December 2023 inclusive), Banco BPM repurchased, as a pool:

- the positions in the Programme, which were classified as bad loans as at 30 November 2023, for an amount equal to Euro 8,317,800 and for a repurchase price, net of write-downs, of Euro 7,683,968;
- a portion of mortgages previously assigned to the SPV and no longer classifiable as "eligible", insofar as their mortgage collateral was due to expire on 31 December 2023, for an amount of Euro 9,397,331 (including accruals) and for a repurchase price, net of write-downs and of amortised cost, of Euro 9,345,504 (the expiry of the mortgage collateral renders the loan unsecured and, therefore, not eligible for the programme);
- of some positions classified as unlikely to pay as at 30 September 2023, for an amount of Euro 614,370 (including accruals) and for a repurchase price, net of write-downs, of Euro 496,915.

Banco BPM paid the SPV the price for the repurchases in December 2023. The loan transfer notice was published in Part II, Official Journal of the Italian Republic No. 152 of 28 December 2023.

Lastly, note that the Board of Directors of BPM Covered Bond S.r.l. of 8 November 2023, endorsing the resolution of the Parent Company Banco BPM of 7 November 2023, approved, under the Programme, the renewal of the annual ceiling, expiring on 31 December 2024, of up to a maximum of Euro 100 million, for the periodic repurchase by the Parent Company Banco BPM of assets transferred to the SPV.

Collections and Payments for the year

Guarantor Payment Date 16 January 2023

With regard to the BPM CB1 Programme, collections in the period 1 October 2022 – 31 December 2022 totalled Euro 338 million (of which Euro 207.2 million of principal, Euro 31.5 million of interest and Euro 99.3 million as the total retrocession price for loans in November). Subject to the availability of funds to make all the payments envisaged in the payment priority order, on the Guarantor Payment Date of 16 January 2023, interest of Euro 24.5 million was paid on the subordinated loan relating to the “Base Interest Term Loan A” and Term Loan B was repaid in the amount of Euro 490 million. The Cash Reserve amounted to Euro 25.3 million.

On the Guarantor Payment Date of 16 January 2023, an amount of Euro 6.8 million of principal collections was used to supplement the funds available as interest to cover the “Interest Shortfall Amount” generated in the structure and the interest on the subordinated loan as Excess Spread or “Premium on Term Loan” was not paid.

Guarantor Payment Date 17 April 2023

With regard to the BPM CB1 Programme, collections in the period 1 January 2023 – 31 March 2023 totalled Euro 246.4 million (of which Euro 209.1 million of principal and Euro 37.3 million of interest). Subject to the availability of funds to make all the payments envisaged in the payment priority order, on the Guarantor Payment Date of 17 April 2023, interest of approximately Euro 34 million was paid on the subordinated loan relating to the “Base Interest Term Loan A” and Term Loan B was repaid in the amount of Euro 220 million. The Cash Reserve amounted to Euro 34.8 million.

On the Guarantor Payment Date of 17 April 2023, an amount of approximately Euro 6.7 million of principal collections was used to supplement the funds available as interest to cover the “Interest Shortfall Amount” generated in the structure and the interest on the subordinated loan as Excess Spread or “Premium on Term Loan” was not paid.

Guarantor Payment Date 17 July 2023

With regard to the BPM CB1 Programme, collections in the period 1 April 2023 – 30 June 2023 totalled Euro 282.1 million (of which Euro 223.5 million of principal, Euro 47.6 million of interest and total retrocession price for loans in May of approximately Euro 11 million).

Subject to the availability of funds to make all the payments envisaged in the payment priority order, on the Guarantor Payment Date of 17 July 2023, as regards the interest payment waterfall, inter alia (i) the payment, which will take place at each maturity date of the relative coupon during the quarter after the GPD, of interest on the subordinated loan, relating to the “Base Interest Term Loan A” for a total of approximately Euro 42.9 million is envisaged, (ii) to supplement the total “Principal Available Funds, the total amount of Euro 13.5 million relating to the Interest Shortfall Amounts generated in the structure and covered in the previous GPDs was recognised, and (iii) Euro 25 million was paid as interest on the subordinated loan, relating to the Excess Spread, namely the “Term Loan Premium”. With regard to the principal payment waterfall, Term Loan B was repaid for Euro 560 million. The Cash Reserve was used for Euro 34.3 million and, post GPD, amounts to Euro 502 thousand.

Guarantor Payment Date 16 October 2023

With regard to the BPM CB1 Programme, collections in the period 1 July 2023 – 30 September 2023 totalled approximately Euro 248.8 million (of which Euro 199.5 million of principal, Euro 48.6 million of interest and total retrocession price for loans in August of Euro 682 thousand).

Subject to the availability of funds to make all the payments envisaged in the payment priority order, on the Guarantor Payment Date of 16 October 2023, as regards the interest payment waterfall, inter alia (i) the payment, which will take place at each maturity date of the relative coupon during the quarter after the GPD, of interest on the subordinated loan, relating to the “Base Interest Term Loan A” for a total of Euro 47.7 million is envisaged, and (ii) Euro 438 thousand was paid as interest on the subordinated loan, relating to the Excess Spread, namely

the “Term Loan Premium”. With regard to the principal payment waterfall, Term Loan B was repaid for Euro 180 million. The Cash Reserve was used for Euro 41 thousand and, post GPD, amounts to Euro 461 thousand.

Collections October – December 2023

Collections between 1 October 2023 and 31 December 2023 totalled Euro 286.3 million (of which Euro 213.9 million of principal, Euro 54.9 million of interest and Euro 17.5 million as total retrocession price of the loans in December). The next Guarantor Payment Date will be 15 January 2024, to which reference is made.

Programme performance

As at 31 December 2023, the total mortgage loan portfolio (excluding accrued income on the mortgages) amounted to Euro 7,475,186,718 divided between (i) performing, unlikely-to-pay and non-performing past due loans, net of related provisions for write-downs, of Euro 7,474,366,905 and (ii) bad loans, net of related provisions for write-downs, of Euro 819,813.

Total loan portfolio

Originator BANCO BPM	Amount as at	% portfolio as at	Amount as at	% portfolio as at
	31/12/2023	31/12/2023	31/12/2022	31/12/2022
Performing, unlikely-to-pay and non-performing past due loans	7,474,366,905	99.99%	4,671,068,301	99.97%
Bad loans	819,813	0.01%	1,283,038	0.03%
Total loan portfolio	7,475,186,718	100.00%	4,672,351,339	100.00%

As described above, the value of loans is net of related provisions for write-downs and the amortised cost, which as at 31 December 2023 respectively amounted to: provision for collective write-down Euro 24,986,387, amortised cost provision Euro 20,899,564, provision for write-down of unlikely-to-pay loans Euro 14,487,294, provision for write-down of non-performing past due loans Euro 673,522, and provision for write-down of bad loans Euro 338,305. Note that the classification of non-performing loans is that indicated in the accounting records and management system of the Servicer.

For a qualitative and quantitative description of the transactions implemented and of the agreements signed, reference should be made to “Part D – Other Information” in the Notes to the Financial Statements.

Issue of notes by Banco BPM (“Issuer”)

As part of the “BPM CB1” Programme, Banco BPM issued twelve CB Twelfth Series, listed on the Luxembourg Stock Exchange, for a total of Euro 11,750 million, originally subscribed by institutional investors or by Banco BPM itself, fully redeemed for Euro 6,700 million.

As at 31 December 2023, there are five Series of covered bonds outstanding, fully repurchased by Banco BPM, and used for refinancing operations with ECB or for Repo transactions with market counterparties, for a total of Euro 5,050 million, broken down as follows:

(in thousands of Euro)

Issue date	Series/Tranche	Notional	Coupon	Maturity	Issue Price (clean price)	Moody's Rating (*)
19/11/2015	7th Series	900,000	3-month Euribor + 60 bps	19/11/2027 ⁽³⁾	100.00	Aa3
07/11/2016	8th Series	1,000,000	3-month Euribor + 30 bps	07/11/2025 ⁽¹⁾	100.00	Aa3
26/04/2018	9th Series	1,900,000	3-month Euribor + 30 bps	26/04/2025 ⁽²⁾	100.00	Aa3
25/09/2019	11th Series	650,000	3-month Euribor + 80 bps	25/03/2025	100.00	Aa3
21/12/2023	12th Series (Premium)	600,000	3-month Euribor + 75 bps	21/12/2027	100.00	Aa3
Total		5,050,000				

(1) In October 2021, the maturity date was extended from 7 November 2021 to 7 November 2025.

(2) In April 2021, the maturity date was extended from 26 April 2021 to 26 April 2025.

(3) In November 2022, the maturity date was extended from 19 November 2022 to 19 November 2027.

(*) Rating as at 31 December 2023.

Under the Programme, on 21 December 2023, Banco BPM issued the CB “Twelfth Series” retained for a nominal value of 600 million, listed on the Luxembourg Stock Exchange, fully subscribed by Banco BPM, variable-rate coupon equal to the 3-month Euribor plus a spread of 75 bps per annum, maturity 21 December 2027 and the subordinated Term Loan was converted to the Converted Loan for the same amount. This is the first issue of European Covered Bonds (Premium) under the BPM CB1 Programme.

Renewal and updating of the Programme

On the basis of the new regulatory reference framework and in light of the changes made in September 2023, at the time of renewal of the BPM CB1 issue programme, the covered bonds issued from September 2023 (as well as future covered bonds that will be issued under the programme) are marketed under the “European Covered Bond (Premium)” label.

Other events in the year

Renewal of corporate offices

The Quotaholders' Meeting of 6 April 2023, inter alia, renewed the Board of Directors for the three-year period 2023-2025 and, specifically, until the Quotaholders' Meeting for the approval of the financial statements ending 31 December 2025.

4. Information on the Company's situation, performance and operating result

With reference to corporate assets, given the activity performed by the Company, no additional information with respect to that provided in the Notes to the Financial Statement is considered necessary.

More specifically, as regards performance indicators, it is deemed that the same are not significant with regard to corporate assets, while as regards the performance of segregated assets, see the content of Part D – Section H of the Notes to the Financial Statements.

5. Significant events occurring after the end of the financial year

As at today's date, no significant events occurred after the end of the financial year.

For the sake of completeness of information, the breakdown relating to the Guarantor Payment Date of 15 January 2024 is provided below.

With regard to the BPM CB1 Programme, collections in the period 1 October 2023 – 31 December 2023 totalled Euro 286.3 million (of which Euro 17.5 million as the total retrocession price for loans in December). Subject to the availability of funds to make all the payments envisaged in the payment priority order, on the Guarantor Payment Date of 15 January 2024, interest of Euro 56.9 million was paid on the subordinated loan relating to the “Base Interest Term Loan A” and Term Loan B was repaid in the amount of Euro 200 million. The Cash Reserve was increased by Euro 37 thousand and, post GPD, amounts to Euro 498 thousand.

On the Guarantor Payment Date of 15 January 2024, an amount of approximately Euro 5.3 million of principal collections was used to supplement the funds available as interest to cover the “Interest Shortfall Amount” generated in the structure and the interest on the subordinated loan as Excess Spread or “Premium on Term Loan” was not paid.

6. Business outlook

Future management will be aimed at the regular continuation of the existing operation.

7. Going concern

During the preparation of the financial statements, an assessment was carried out to verify the assumption that the Company may be expected to continue to operate as a going concern with a time horizon of at least twelve months after the reporting date. This assessment had taken into account all information available and the specific

activities carried out by the Company, the exclusive purpose of which, following Italian Law No. 130 of 30 April 1999, is the execution of one or more securitisation transactions.

These financial statements were therefore drafted assuming the continuation of business operations, as no events or conditions, even considering the direct and indirect effects of the Russia-Ukraine conflict and the recent conflict in the Middle East, have been identified that cast a doubt on the ability of the Company to continue to operate as a going concern.

8. Other information

A. Research and development

Given the nature of the business, no research and development activities were carried out.

B. Relations with subsidiaries, affiliates, parent companies and companies subject to control of the latter

The quota capital of the Company is held for Euro 8,000, equal to 80%, by Banco BPM Società per Azioni, with registered office in Piazza Filippo Meda 4, Milan.

Following the merger, completed on 1 January 2017, the new banking company called Banco BPM became the new Parent Company and therefore the holder of a controlling interest in the Company, performing the role of Issuer, Investment Manager, Calculation Agent and Account Bank.

Before the merger by incorporation of BPM S.p.A. into Banco BPM, BPM S.p.A. held the role of Seller, Subordinated Lender, Collection Account Bank and Subservicer. Subsequently, as from 26 November 2018, the date on which the civil law effects of the merger took effect, these roles were transferred to the parent company Banco BPM, which had previously held the roles of Quotaholder, Issuer, Servicer, Investment Manager and Calculation Agent.

Furthermore, following the signature of the new Administrative Services contract in October 2021, effective 1 July 2021, Banco BPM performs the Company's administrative, accounting and tax-related functions.

With regard to the transactions with related parties, we refer to the comments made in the Notes to the Financial Statements.

C. Own shares and/or quotas or shares of parent companies

The Company does not hold own shares or shares of the parent company, directly or through Trustee companies, nor did it acquire and/or sell such shares during the year.

D. Risk management

With regard to the description of the main risks and uncertainties to which the Company is exposed, there is no significant information to report in relation to the Company's own assets.

With regard to the segregated assets, please refer to the disclosure provided in Part D of the Notes to the Financial Statements, Section 3.

In the context of the crisis, due, firstly, to the COVID-19 pandemic and, subsequently, to the Russia-Ukraine conflict and the recent conflict in the Middle East, both currently ongoing, there are no elements to report in terms of risk measurement and control, both with reference to ordinary operations and to segregated assets, taking into account the nature of the items presented in the Company's Balance Sheet, the structure of the Programme (which provides for a series of portfolio tests to ensure its integrity as a guarantee for CB holders) and the ability of the Servicer Banco BPM and other service providers, to whom all the characteristic functions of an organisational structure are assigned as well as the internal control systems, to guarantee the regular and timely execution of its activities, in compliance with contractual obligations.

E. Secondary offices

The Company does not have any secondary offices.

F. Management and coordination

The Company is subject to management and coordination, pursuant to Art. 2497 of the Italian Civil Code, by Banco BPM S.p.A., which holds 80% of the Company's quota capital.

G. Other information

G.1 Company organisation

The Company has no employees, nor secondary offices, branches or local units. Given the specific nature of the business, and due to the absence of personnel (i) the Company has outsourced all of the core functions of an organisational structure, as well as the internal control systems to third parties appointed for this purposes and (ii) there is no information to provide on the environment or personnel.

Proposed allocation of the result for the year

Dear Quotaholders,

We propose that you approve the financial statements for the year ended 31 December 2023, which show a break-even result.

Rome, 6 February 2024

BPM Covered Bond S.r.l.

The Chairman of the Board of Directors

Angelo Zanzi

BALANCE SHEET

	Assets	31/12/2023	31/12/2022
10.	Cash and cash equivalents	10,000	10,000
100.	Tax assets	8	-
	a) current	8	-
120.	Other assets	49,995	64,595
	Total assets	60,003	74,595

	Liabilities and quotaholders' equity	31/12/2023	31/12/2022
60.	Tax liabilities	-	4
	a) current	-	4
80.	Other liabilities	50,003	64,591
110.	Capital	10,000	10,000
150.	Reserves	-	(33)
170.	Net profit (loss) for the year	-	33
	Total Liabilities and Quotaholders' Equity	60,003	74,595

INCOME STATEMENT

		31/12/2023	31/12/2022
40.	Fee and commission income	-	-
50.	Fee and commission expenses	-	-
60.	Net fee and commission income	-	-
120.	Net interest and other banking income	-	-
160.	Administrative expenses:	(108,980)	(125,951)
	a) personnel expenses	(6,960)	(6,960)
	b) other administrative expenses	(102,020)	(118,991)
200.	Other operating income and expenses	109,009	126,021
210.	Operating expenses	29	70
260.	Profit (Loss) before tax from continuing operations	29	70
270.	Taxes on income for the year from continuing operations	(29)	(37)
280.	Profit (Loss) after tax from continuing operations	-	33
300.	Net profit (loss) for the year	-	33

STATEMENT OF COMPREHENSIVE INCOME

	Item	31/12/2023	31/12/2022
10.	Net profit (loss) for the year	-	33
170.	Total other comprehensive income after tax	-	-
180.	Comprehensive income (Items 10+170)	-	33

STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2023

	Balance as at 31/12/2022	Changes in opening balances	Balance as at 01/01/2023	Allocation of profit from previous year		Changes during the year					Comprehensive income for 2023	Quotaholders' equity as at 31/12/2023	
				Reserves	Dividends and other allocations	Change in reserves	Operations on quotaholders' equity						
							Issuance of new shares	Purchase of own shares	Extraordinary distribution of dividends	Change in equity instruments			Other changes
Capital	10,000		10,000										10,000
Quota premium reserve													
Reserves: assignment a)	(33)		(33)	33									
retained earnings	(33)		(33)	33									
b) other													
Valuation reserves													
Equity instruments													
Own shares													
Profit (loss) for the year	33		33	(33)							-		-
Quotaholders' equity	10,000		10,000	-							-		10,000

STATEMENT OF CHANGES IN QUOTAHOLDERS' EQUITY AS AT 31 DECEMBER 2022

	Balance as at 31/12/2021	Changes in opening balances	Balance as at 01/01/2022	Allocation of profit from previous year		Changes during the year						Comprehensive income for 2022	Quotaholders' equity as at 31/12/2022
				Reserves	Dividends and other allocations	Change in reserves	Operations on quotaholders' equity						
							Issuance of new shares	Purchase of own shares	Extraordinary distribution of dividends	Change in equity instruments	Other changes		
Capital	10,000		10,000										10,000
Quota premium reserve													
Reserves:				(33)									(33)
a) retained earnings				(33)									(33)
b) other													
Valuation reserves													
Equity instruments													
Own shares													
Profit (loss) for the year	(33)		(33)	33							33		33
Quotaholders' equity	9,967		9,967	-							33		10,000

CASH FLOW STATEMENT (DIRECT METHOD)

A. OPERATING ACTIVITIES	31/12/2023	31/12/2022
1. Cash flow from operations	12	29
interest income received (+)		
interest expenses paid (-)		
dividends and similar income (+)		
net fee and commission income (+/-)		
personnel expenses (-)	(6,960)	(6,960)
other expenses (-)	(117,700)	(59,156)
other revenues (+)	124,701	66,182
taxes and duties (-)	(29)	(37)
costs/revenues related to discontinued operations net of the tax effect (+/-)		
2. Cash flow from/used in financial assets	(8)	-
financial assets held for trading		
financial assets designated at fair value		
other assets obligatorily designated at fair value		
financial assets designated at fair value through other comprehensive income		
financial assets designated at amortised cost		
other assets	(8)	-
3. Cash flow from/used in financial liabilities	(4)	(29)
financial liabilities at amortised cost		
financial liabilities held for trading		
financial liabilities designated at fair value		
other liabilities	(4)	(29)
<i>Net cash flow from/used in operating activities</i>	-	-
B. INVESTING ACTIVITIES		
1. Cash flow from		
sales of interests in associates and joint ventures	-	-
dividends collected on interests in associates and joint ventures	-	-
sales of property, plant and equipment	-	-
sales of intangible assets	-	-
sales of business units	-	-
2. Cash flow used in	-	-
purchase of interest in associated and joint ventures	-	-
purchases of property, plant and equipment	-	-
purchases of intangible assets	-	-
purchase of business units	-	-
<i>Net cash flow from/used in investing activities</i>	-	-
B. FINANCING ACTIVITIES		
issues/purchases of own shares	-	-
issue/purchase of equity instruments	-	-
dividend distribution and other allocations	-	-
<i>Net cash flow from/used in financing activities</i>	-	-
NET CASH FLOW FROM/USED DURING THE YEAR	-	-
RECONCILIATION		
	31/12/2023	31/12/2022
Cash and cash equivalents at the beginning of the year	10,000	10,000
Net cash flows from/used in activities during the year	-	-
Cash and cash equivalents: foreign exchange effect	-	-
Cash and cash equivalents at the end of the year	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Notes to the Financial Statements are divided into the following parts:

- 1) Part A – Accounting policies
- 2) Part B – Information on the balance sheet
- 3) Part C – Information on the income statement
- 4) Part D – Other information

PART A – ACCOUNTING POLICIES

A.1 General part

Section 1 – Statement of compliance with the international accounting standards

In compliance with Art. 2, letter e) and with Art. 4, paragraph 4 of Italian Legislative Decree No. 38/2005, as included in the consolidation scope of Banco BPM Group, which prepares consolidated financial statements in accordance with IAS/IFRS, the Company prepared its Financial Statements according to the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission, as established by Community Regulation No. 1606 of 19 July 2002, and introduced into Italian law by the aforementioned Italian Legislative Decree No. 38/2005. The IFRS were applied also by making reference to the “Framework for the Preparation and Presentation of Financial Statements” (Framework), in particular, to the principle of the prevalence of substance over form, and the principle of the relevance and significance of the information. The IAS/IFRS standards and related interpretations (SIC/IFRIC) applied were those endorsed by the European Union and in force as at 31 December 2023.

Section 2 – General preparation principles

These financial statements were prepared in application of the international accounting standards issued by the International Accounting Standards Board (IASB) and related interpretations issued by the IFRIC, endorsed by the European Union. The accounting standards applied in the preparation of these financial statements are those in force on 31 December 2023.

These financial statements were prepared using the formats envisaged by the 8th update of the “Instructions on the preparation of financial statements and reports of IFRS Intermediaries other than banking intermediaries” of 17 November 2022 issued by the Bank of Italy and the update of the supplements with the letter dated 14 March 2023 (which abrogates and replaces the previous one of 21 December 2021) regarding the impacts of COVID-19 and of the measures to support the economy. The additions to the above-mentioned financial statement provisions will remain in force until otherwise communicated by the Bank of Italy.

Note that the Bank of Italy Circular of 17 November 2022 replaced the previous Circular of 29 October 2021, which had replaced the Circular of 30 November 2018, which in turn had replaced the Circular of 22 December 2017, although the previous Circular of 9 December 2016 had already removed from its application scope any reference to securitisation SPVs and to transferees for guarantees on bank bonds of banks belonging to a banking group not enrolled in the register, as these are entities no longer classifiable as non-banking financial intermediaries, following the completion of the Reform of Title V implemented by Italian Legislative Decree No. 141/2010 and subsequent corrective decrees.

As IAS 1 does not envisage a rigid format of the financial statements and pending the issuance of a new regulatory source to replace the previous one and regulate the financial statements of SPVs, these financial statements were prepared using the formats of the Bank of Italy Circular, which, from the 5th update dated 22 December 2017, incorporated the changes introduced by the new accounting standard IFRS 9, which came into force on 1 January 2018.

They were considered more suitable for the purpose of providing information on the economic and financial situation, results of the year and cash flows of the Company, which will be useful for users to make economic decisions and which will be, at the same time, relevant, reliable, comparable and comprehensible both with regard to corporate management and with regard to segregated assets.

In compliance with the provisions of IAS 1, the Financial Statements include the Balance Sheet, the Income statement, the Statement of comprehensive income, the Statement of changes in quotaholders' equity, the Cash flow statement and the Notes to the financial statements and are accompanied by the Report on operations and on the Company's situation.

The recognition of the financial assets and liabilities originating from securitisations in the Notes to the Financial Statements is carried out in compliance with the regulations issued by the Bank of Italy pursuant to Art. 9 of Italian Legislative Decree 38/2005, in accordance with international accounting standards. These arrangements are also in line with the terms of Italian Ministerial Decree No. 310 of 14 December 2006, which regulated and established Covered Bond transactions in Italy, the primary rules of which are incorporated in the body of Law 130/99 on securitisation, as subsequently amended and supplemented, according to which the loans relating to each securitisation constitute assets completely segregated from those of the company and from those relating to other transactions.

In covered bond transactions, the role of the SPV is strictly that of buying the loans to be transferred, using for these purposes a subordinated loan disbursed by the bank that issues the notes. The roles of issuer, lender and originator of the loans may be performed by a single bank or by different banks in different combinations: in the case of BPM Covered Bond ("BPM CB" or "Company"), in line with the Multi Originator & Multi Seller structure of the transaction, these roles were performed, by Banca Popolare di Milano Società Cooperativa a responsabilità limitata, now BPM Società per Azioni ("BPM") and by Banca Legnano and We Bank S.p.A., up to 14 September 2013 and 25 November 2014 respectively, the date on which the merger by incorporation of Banca di Legnano and of We Bank into BPM Scarl was completed, as a result of which the portfolios of Banca di Legnano and We Bank have been included in the BPM Scarl portfolio. Following the access of Banco BPM to the Programme, resolved in April 2018, the BPM portfolio has been included in the Banco BPM portfolio as of 26 November 2018, following the merger by incorporation of BPM into Banco BPM.

According to the provisions of Art. 7-bis, para. 1, of Law No. 130/1999, as subsequently amended and supplemented, "the exclusive purpose of the Transferee must be the acquisition of the transferred assets by taking out loans granted or guaranteed by the Originators or other banks, and the provision of guarantees for the bonds issued by these or by other banks".

The Company performs exclusively loan securitisation activities pursuant to Italian Law No. 130 of 30 April 1999, as subsequently amended and supplemented, and, in compliance with the Guidelines of the Bank of Italy of 15 December 2015, the loans acquired and the other transactions carried out as part of the securitisation have been recognised in the Notes to the Financial Statements and not in the Balance Sheet. Information regarding the covered bond issue programme is therefore provided in the special section of the Notes to the Financial Statements, "Part D – Other information", and does not form part of these financial statements. These arrangements are also in line with the terms of Italian Law No. 130 of 30 April 1999, as subsequently amended and supplemented, according to which the loans relating to each securitisation constitute assets completely segregated from those of the company and from those relating to other transactions.

In order to provide complete information, it should be mentioned that, according to international accounting standards, the treatment of financial assets and/or groups of financial assets and financial liabilities arising from securitisations is still under consideration by the accounting standards interpretation committees.

In addition to figures for the year in question, the statements also provide corresponding comparative data as at 31 December 2022. In compliance with Art. 5 of Italian Legislative Decree No. 38 of 28 February 2005 and IAS 1/46, the financial statements use the Euro as the functional currency. Unless otherwise indicated, the amounts of the Financial Statements are shown in Euro units.

The financial statements are drafted with the intent of providing a truthful and fair representation of the economic and financial position, the net income for the year and the cash flows.

The financial statements are drafted assuming the continuation of business activity, in accordance with the accrual principle, the principle of relevance and significance of the information, the prevalence of substance over form, and with a view to assuring consistency with future reports. Each significant class of similar items is shown separately in the financial statements. Items of a dissimilar nature or function are presented separately unless immaterial. Assets and liabilities, income and expenses are not offset, with the exception of cases in which this is expressly required or permitted by a principle or an interpretation.

In the preparation of these financial statements, no estimates were used that could result, in the following year, to significant changes in the book values of assets and liabilities reported in the same.

These financial statements are based on application of the following presentation principles:

Going concern (IAS 1 Revised, para. 25)

Assets and liabilities are measured according to their operating value, as they are expected to have a long useful life.

Accrual basis of accounting (IAS 1 Revised, paras. 27 and 28)

Costs and revenues are recognised by their maturity and according to the matching principle, regardless of their date of settlement.

Consistency of presentation and classification (IAS 1 Revised, para.45)

The presentation and classification of items remains constant in each reporting period with a view to guaranteeing data comparability, unless any change is required by an International Accounting Standard or Interpretation, or if presentation of values is more appropriate in terms of materiality and reliability. If a presentation or classification criterion is changed, the new version is applied – where possible – as backdated. In this case the nature and reason for the change are also indicated with the items affected. In the presentation and classification of the items, the financial statements formats envisaged by the Bank of Italy Circular of 17 November 2022 are adopted.

Materiality and aggregation (IAS 1 Revised, para. 29)

All material groupings of items of a similar nature or function are recorded separately. Elements of a different nature or function, if material, are presented separately.

Offsetting prohibition (IAS 1 Revised, para. 32)

Assets and liabilities, expenses and income may not be offset, unless required or permitted by an International Accounting Standard or by an Interpretation or by the formats or instructions provided by the Bank of Italy.

Comparative information

The comparative information from the previous year is reported for all figures in the financial statements, unless otherwise dictated or permitted by an International Accounting Standard or Interpretation. Descriptive information is also provided when considered useful in better understanding the figures. The Notes to the Financial Statements do not include the sections and/or the tables that do not contain any amount in the two years compared. These financial statements include the compulsory statements required under IAS 1, i.e. the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Quotaholders' Equity, the Cash Flow Statement and these Notes to the financial statements.

Section 3 – Events subsequent to the reporting date

As at today's date, no significant events occurred after the end of the year.

The Board of Directors examined the Financial Statements and, in accordance with IAS 10, authorised their disclosure on 6 February 2024; a copy of the afore-mentioned Financial Statements will be communicated to the Independent Auditors pursuant to Art. 2429 of the Italian Civil Code for the preparation of their report.

Section 4 – Other aspects

Impacts of the COVID-19 pandemic, the Russia-Ukraine conflict and the recent conflict in the Middle East

On 5 May 2023, after a 2022 that was characterised by a scenario of normalisation of living and social habits, the World Health Organization officially declared the end of the health emergency that broke out just over three years earlier, with the declaration of the beginning of the pandemic on 11 March 2020.

Following the update of the disclosure required by the Bank of Italy communication of 14 March 2023, in force starting from the financial statements ending on 31 December 2023, in consideration of the changed scenario linked to the pandemic, confirming the stabilisation of the context and the extraordinary nature of

the COVID-19 health crisis, and the exceptional nature of the measures put in place by Governments, the disclosure containing a description of the main risks, uncertainties and impacts to which the company is exposed as a result of COVID-19 is no longer required.

Having said that, it is hereby confirmed that the crisis due, firstly to the COVID-19 pandemic and, subsequently, to the direct and indirect effects of the Russia-Ukraine conflict and of the recent conflict in the Middle East, both currently ongoing, taking into consideration the items presented under assets and liabilities in the Company's Balance Sheet, did not have any impact on the financial and economic situation of the Company. With regard to the segregated assets of the Company, the Originator Banco BPM retains the risks and benefits associated with the portfolios transferred (even if without recourse), even if the estimated expected losses on the loan portfolio by Banco BPM, in its capacity as Servicer, pursuant to IFRS 9, reflects the effects of the crisis due to the COVID-19 pandemic and, then, to the Russia-Ukraine conflict and the recent conflict in the Middle East.

Other aspects

The Financial Statements are subject to statutory audit by PricewaterhouseCoopers S.p.A. ("PWC") to which the task was assigned by the Quotaholders' Meeting of 24 March 2016 for financial years from 2016 to 2024, pursuant to Art. 14 of Italian Legislative Decree No. 39 of 27 January 2010, and Arts. 2409-bis et seq. of the Italian Civil Code.

Other than the information provided in the Notes to the Financial Statements, there is no further information to report.

A.2 Information on the main items of the financial statements

The main accounting standards adopted for preparation of the Financial Statements as at 31 December 2023, with reference to items of the balance sheet and income statement only, are described below. The recognition, classification, measurement and derecognition criteria are indicated for each item.

Tax assets and liabilities

Recognition criteria

Taxes are recognised at the time the various types of withholdings and taxes can be ascertained.

Classification criteria

This item includes current and deferred tax assets and current and deferred tax liabilities, respectively. Current tax assets and liabilities in the balance sheet are shown as net balances, as they will be settled based on the net balance, due to the legal right of offsetting.

Measurement criteria

Current tax assets are recognised at the nominal value of the tax prepayments made and tax withholdings applied. Current tax liabilities are recognised at nominal value based on withholdings applied, whilst income tax allocations are calculated on a prudential forecast of the current and deferred tax charges in accordance with current tax regulations. Income taxes are recognised in the income statement except for those relating to items credited or debited directly to quotaholders' equity.

Deferred tax assets and liabilities are calculated on the temporary differences, without time limits, between the book values and tax values of each asset or liability.

Deferred tax assets are recognised in the financial statements if their recovery, assessed on the basis of the Company's ability to generate taxable income as with continuity in future years, is probable. Deferred tax liabilities are recognised in the financial statements regardless of the current or prospective tax loss position. Deferred tax assets and liabilities recognised are systematically measured to take into account any changes in the tax regulations or tax rates.

Derecognition criteria

Current taxes (assets and liabilities) are derecognised when the various taxes levied as substitute taxes are paid by the legal deadline. Deferred taxes are derecognised when their recovery can no longer be expected.

The Company did not recognise in the Financial Statements as at 31 December 2022 the deferred tax credits for advance payments on income components with deferred tax deductibility, as the conditions above mentioned have not been met, or else because there is no reasonable certainty of their recovery.

Cash and cash equivalents

This item is represented by “demand” amounts due from banks resulting from the Company’s cash and cash equivalents for deposits in current accounts. Cash and cash equivalents are measured at nominal value.

Other assets

This item includes assets not attributable to other asset items in the Balance Sheet. Specifically, it includes securitisation receivables for chargebacks recognised by the segregated assets as payable to the Company for normal business operations.

Other liabilities

This item includes liabilities not attributable to other liability items in the Balance Sheet. Amounts due to suppliers are included in this item.

Criteria for the recognition of income components

Costs are recognised in the Income Statement when there is a decrease in future economic benefits, which results in a decrease in assets or an increase in liabilities, the value of which is reliably determined. Costs are recognised in the Income Statement according to the criterion of direct association between the costs incurred and the achievement of specific revenue items (correlation of costs and revenues). Revenues are recognised in the Income Statement when there is an increase in future economic benefits, which results in an increase in assets or a decrease in liabilities, the value of which can be reliably determined. The main revenue item in the Company’s financial statements derives from the chargeback of expenses relating to the securitisation process referred to previously.

Costs and revenues are recognised on an accrual basis.

Given the exclusive nature of the Company’s business operations, operating costs incurred are charged to the segregated assets to the extent necessary to guarantee the Company’s economic and financial balance. This amount is classified under “Other operating income and expenses”.

A.3 Information on transfers of financial assets among portfolios

With regard to information required under IFRS 7, we can note that no reclassification of financial assets among the various portfolios was performed.

A.4 Information on fair value

QUALITATIVE INFORMATION

No assets or liabilities measured at fair value are presented in the Financial Statements.

A.5 Disclosure of “day one profit/loss”

As the Company made no use of financial instruments during 2023 as part of its ordinary operations, there is no information on Day One Profit/Loss to report.

PART B – INFORMATION ON THE BALANCE SHEET**ASSETS****Section 1 – Cash and cash equivalents – Item 10**

This item is represented by “demand” amounts due from banks resulting from the Company’s cash and cash equivalents for deposits in current accounts. “Demand” amounts due from banks amounted to Euro 10,000 and related to the current account held with Banco BPM, where the Company’s quota capital is deposited.

Cash and cash equivalents

	31/12/2023	31/12/2022
Demand amounts due from banks – current account	10,000	10,000
Total	10,000	10,000

Section 10 – Tax assets and liabilities – Item 100 of assets and Item 60 of liabilities**10.1 Tax assets: current and deferred: breakdown**

	31/12/2023	31/12/2022
<i>Current tax assets:</i>		
IRES	8	-
Total	8	-

Current tax assets included the IRES tax credit carried forward, equal to the IRES provision for FY 2023 of Euro 27, net of the advance IRES paid in November 2023 of Euro 35.

10.2 Tax liabilities: current and deferred: breakdown

	31/12/2023	31/12/2022
<i>Current tax liabilities:</i>		
IRES	-	4
Total	-	4

Section 12 – Other assets – Item 120**12.1 "Other assets": breakdown**

	31/12/2023	31/12/2022
Receivables from the Segregated Assets for recovery of expenses	49,685	64,285
Other receivables	310	310
Total	49,995	64,595

The “Receivables from the Segregated Assets for recovery of expenses” item refers to the receivable from the Segregated Assets related to the charge-back of costs as at 31 December 2023 necessary to keep the Company in existence.

LIABILITIES**Section 6 – Tax liabilities – Item 60**

See section 10 of the assets.

Section 8 – Other liabilities – Item 80**8.1 "Other liabilities": breakdown**

	31/12/2023	31/12/2022
Due to suppliers for invoices received	49,636	60,776
Due to suppliers for invoices to be received	367	3,815
Total	50,003	64,591

The amounts due to suppliers for invoices to be received are mainly represented by the provisions made as at 31 December 2023 for the costs accrued over the year for which the invoices have been or will be received after the reference date of the Financial Statements.

Section 11 – Quotaholders' equity – Items 110 and 150**11.1 Capital: breakdown**

Item/Amount	31/12/2023
1. Capital	10,000
1.1 Ordinary shares	-
1.2 Other shares (quotas)	10,000

The quota capital is Euro 10,000 and is divided into quotas pursuant to Art. 2468 of the Italian Civil Code. The quota capital is fully subscribed and paid in.

The quota capital, fully paid in, was equal to Euro 10,000 as at 31 December 2023, split into units of the nominal value of one Euro or multiples of one Euro, pursuant to Art. 2468 of the Italian Civil Code. It is held as follows:

- Euro 8,000, equal to 80%, by Banco BPM S.p.A. with registered office at Piazza Filippo Meda 4, Milan (Italy);
- Euro 2,000, equal to 20%, by the foundation set up under Dutch law "STICHTING HORIZONBURG" with registered office in Amsterdam (Netherlands), 1101 BA Hoogoorddreef 15.

11.5 Other information**Reserves: breakdown and change in item 150 Reserves**

Type/Value	Legal	Retained Earnings/(Losses)	Other Reserves	Total
A. Opening balances	-	(33)	-	(33)
B. Increases	2	31	-	33
B.1 Allocation of profits	2	31		33
B.2 Other changes				
C. Decreases	-	-	-	-
C.1 Uses				
- to cover losses				
- distribution				
- transfer to capital				
C.2 Other changes				
D. Closing balances	2	(2)	-	-

Pursuant to Art. 2427, paragraph 7 bis, of the Italian Civil Code, a summary of the Quotaholders' Equity items according to their origin and with an indication of the possibility of use and allocation as well as their use in the three previous years is provided below.

Nature/description	Amount	Possibility of use	Available portion	Uses in the last three years	
				Coverage of loss	Other uses
Capital	10,000				
Capital Buffer	-				
Retained earnings:	-				
Legal reserve	2				
Other reserves	-				
Retained Earnings/(Losses)	(2)				
TOTAL	10,000				
Non-distributable portion					
Residual distributable portion					

On the basis of the provisions of Art. 2427, paragraph 22 septies, of the Italian Civil Code, the disclosure relating to the proposed allocation of profit or the coverage of losses for the year is provided below.

The Company's Board of Directors proposes that the Quotaholders' Meeting approve the financial statements as at 31 December 2023, with a break-even result.

OTHER INFORMATION

1. Commitments and financial guarantees given (other than those designated at fair value)

The Company has not issued guarantees in favour of third parties.

There are no commitments.

PART C – INFORMATION ON THE INCOME STATEMENT**Section 10 – Administrative expenses – Item 160****10.1 Personnel expenses: composition**

Type of expense/Amount	31/12/2023	31/12/2022
1. Employees		
a) salaries and wages		
b) social security contributions		
c) termination indemnities		
d) pension expenses		
e) provisions for employee severance pay		
f) provisions for pension fund and similar commitments:		
- defined contribution		
- defined benefit		
g) payments to external complementary pension funds:		
- defined contribution		
- defined benefit		
h) other employee benefits		
2. Other personnel in service		
3. Directors and Statutory Auditors	6,960	6,960
4. Retired personnel		
5. Charge-back of expenses for employees seconded to other companies		
6. Charge-back of expenses for employees seconded to the company		
Total	6,960	6,690

The Company has no employees.

10.3 Other administrative expenses: composition⁶

Item	31/12/2023	31/12/2022
Independent Auditors fees	80,296	97,743
Administrative Servicer	15,000	15,000
Government licence tax	310	310
Corporate expenses and Chamber of Commerce fees	3,966	2,996
Other expenses	2,448	2,942
Total	102,020	118,991

Section 14 – Other operating income and expenses – Item 200**14.1 Other operating expenses: composition**

Item	31/12/2023	31/12/2022
Contingent liabilities	(1,092)	(76)
Total	(1,092)	(76)

14.2 Other operating income: breakdown

Item	31/12/2023	31/12/2022
Recovery of maintenance expenses in favour of the issuer	110,095	126,097
Contingent assets	6	
Total	110,101	126,097

⁶ From 1 July 2021, the fees of the Corporate Servicer are charged directly to the segregated assets (and not to company management with the relative charge-back to the segregated assets).

“Other operating income” of Euro 110,095 refers to the revenue from the charge-back to the segregated assets of the costs incurred and accrued as at 31 December 2023, by the Company for the performance of ordinary operations.

Section 19 – Taxation charge related to profit or loss from continuing operations – Item 270

19.1 Taxation charge related to profit or loss from continuing operations: breakdown

	31/12/2023	31/12/2022
1. Current taxes	(27)	(37)
2. Changes in current taxes for previous years	(2)	
3. Decreases in current taxes for the year		
3.bis Decreases in current taxes for the year due to tax credits pursuant to Italian Law No. 214/2011		
4. Change in deferred tax assets		
5. Change in deferred tax liabilities		
6. Income taxes for the year	(29)	(37)

Provisions for IRES were calculated applying the IRES rate of 24%. No provision was made for IRAP.

19.2 Reconciliation between theoretical tax charge and actual tax charge

Item	Taxable income	IRES
Profit before tax	(2)	
Theoretical tax charge 24.00%		-
permanent increases	565	(136)
temporary increases		
permanent decreases		
temporary decreases		
deductions for prior tax losses	(454)	109
Taxable income for IRES	-	
Actual tax charge for IRES		(27)
	Taxable income	IRAP
Result for the year relevant for IRAP purposes	1,488	
Theoretical tax charge for IRAP 5.57%		83
permanent increases		
temporary increases		
permanent decreases		
temporary decreases		
IRAP deductions	(1,488)	(83)
Taxable income for IRAP	-	
Actual tax charge for IRAP		-

PART D – OTHER INFORMATION**Section 1 – Specific business activities****D. GUARANTEES AND COMMITMENTS**

At the reference date of these Financial Statements, no guarantees had been issued by the Company to third parties and there were no outstanding commitments, besides those provided for and expressly regulated by the contracts related to the covered bond transactions and concerning the corresponding “segregated assets”.

H. COVERED BONDS

Structure, format and measurement criteria adopted in preparing the Summary Statement of the Cover Pool Asset

In absence of the specific breakdown tables requested by the Bank of Italy Circular of 17 November 2022, it was deemed appropriate to set up the Summary Statement in this Section following the information structure explicitly requested for part F “Loan securitisation” by the Bank of Italy Circular of 15 December 2015, appropriately adapted for covered bond transactions, in continuity with previous years.

For the recognition of financial assets and liabilities in compliance with the international accounting standards, we refer to Section 1 “Statement of compliance with the international accounting standards” and Section 2 “General preparation principles” above.

The items indicated, related to the portfolio, correspond to the values taken from the accounting records and the information system of Banco BPM in its role as Servicer.

More specifically, the measurement criteria adopted for the most significant items are presented below, which are consistent with the measurement criteria applied in the previous year. In fact, they appear to be the most suitable to reflect the financial nature of the specific characteristics of the Company and to allow the reconciliation of these financial statements with the remaining financial information that the Company is required to produce.

Assets transferred – Loans

Based on information received from the Originators in their role as Servicers, and in accordance with the measurement procedures they have adopted, loans and receivables initially recognised at disposal value, are measured at amortised cost, equal to the initial recognition value less/plus principal repayments, write-downs/reversals and amortisation – calculated using the effective interest rate method – of the difference between the amount disbursed and that redeemable on maturity, normally attributed to cost/income items assigned directly to each receivable. The amortised cost method is not used for receivables for which the short-term residual life renders the effect of time-discounting negligible. These receivables are measured at historical cost and the related costs/income are recognised in the income statement on a line-by-line basis throughout the contractual life of the loan or receivable. A similar measurement approach is adopted for loans granted for an unlimited period or until cancelled.

According to IFRS 9, all financial assets not measured at fair value through profit or loss, represented by debt notes and loans, must be subject to the new impairment model based on expected losses (ECL – Expected Credit Losses). The new approach aims to ensure a more timely recognition of losses than the previous IAS 39 model, according to which losses were to be recognised if there was objective evidence that emerged after initial recognition of the asset (the incurred losses model). In detail, the impairment model introduced by IFRS 9 is based on the concept of forward-looking measurement, i.e. on the concept of Expected Credit Loss. According to the Expected Credit Losses calculation model, losses must be recorded not only with reference to objective evidence of impairment losses that had already occurred at the reporting date, but also on the basis of expectations of future impairment that is not yet manifest, which must reflect (i) the likelihood of different scenarios occurring (ii) the effect of discounting using the effective interest rate and (iii) historical experience and current and future valuations.

At each annual or interim reporting date, the loans are tested for impairment to estimate the expected value losses associated with credit risk (ECL – Expected Credit Losses). These losses are recognised in the Income Statement (item H – Other expenses). Specifically, the impairment model provides for the classification of loans into three different stages (Stage 1, Stage 2, Stage 3), based on changes to the debtor's creditworthiness, corresponding to different criteria for measuring expected losses:

- Stage 1: this includes performing financial assets for which there has been no significant deterioration in credit risk since the date of initial recognition or for which the credit risk is considered low. The impairment is to be measured on the basis of an estimate of expected forward-looking loss with reference to a time horizon of one year;
- Stage 2: this includes performing financial assets that have undergone significant deterioration of credit risk with respect to the initial recognition. Impairment is proportional to the estimate of expected loss over the entire residual life of the financial asset;
- Stage 3: this includes non-performing financial assets (100% probability of default), measured by estimating the expected loss over the entire life of the instrument.

For performing loans, expected losses are determined using a collective process based on certain risk parameters deriving from internal models for calculating regulatory credit risk that are suitably adjusted to take into account the specific requirements set out in accounting regulations.

Non-performing loans, i.e. loans for which, in addition to a significant increase in credit risk, there is objective evidence of impairment, are measured with an analytical or lump-sum measurement process based on uniform risk categories, designed to establish the current value of expected future recoverable cash flows (discounted on the basis of the original effective interest rate), which, for bad loans, includes the prospective sale scenario. The perimeter of non-performing loans is in line with that determined according to the definitions contained in the current supervisory regulations (bad loans, unlikely-to-pay loans, non-performing past due exposures), since they are deemed consistent with the accounting rules provided for in IFRS 9 in terms of objective evidence of impairment.

Expected cash flows consider expected recovery times and the estimated net realisable value of any guarantees.

The original value of loans is reinstated in subsequent years, if there is an improvement in the credit quality of the exposure compared to that, which had led to the previous write-down. Write-backs are recognised in the income statement and cannot exceed the amortised cost that the asset would have had in the absence of previous write-downs. Default interest, if provided for by contract, is recognised in the income statement only when actually collected.

The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

Measurement model for expected credit losses

The measurement of "Assets transferred" by the Servicer Banco BPM reflects the application of IFRS 9, which requires companies to consider not only historical and current information, but also forecast information (known as "forward-looking" factors), believed capable of affecting the recoverability of the securitised assets.

In 2023, with the aim to more accurately reflect the expected losses, also due, firstly, to the economic disruption caused by the COVID-19 crisis, and, subsequently, to the negative effects on the global and Italian economies directly or indirectly related to developments of the Russia-Ukraine conflict and the recent conflict in the Middle East, also considering the different impacts of the crisis on the various sectors of economic activity, the process of reviewing and fine-tuning the models used by Banco BPM continued, which involved estimating expected losses and the stage assignment criterion, also through a series of managerial adjustments applied to the results generated by the model (post model adjustments).

Uses of cash and cash equivalents – Liquidity

Loans to banks, representing the positive balances of the current accounts held at banks, are recognised in the financial statements at their nominal value, corresponding to the expected realisable value, and include the interests accrued at the reporting date of these financial statements.

Loans received

Loans received are recognised at the nominal value. The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

Other liabilities

Liabilities forming this item are recognised at their nominal value. The calculation of accruals and deferrals is performed according to the accrual principle, to define the effective amount of expenses and revenues for the year.

Costs and revenues

Costs and revenues attributable to the securitised assets, interests, commissions, income, other expenses and revenue are recognised on an accrual basis, also through the recognition of accruals and deferrals. Where technically appropriate, accruals and deferrals directly adjust the asset or liability items to which they refer.

All securitisation-related costs are charged directly to the segregated assets.

Tax treatment

Note that as regards the results for the year of the segregated assets, the following effects were not recognised:

- a) current taxation, insofar as on the basis of the Circular of the Italian Revenue Agency No. 8 of 6 February 2003, the taxation of segregated assets is deferred to the expiry of the securitisation;
- b) deferred tax assets/liabilities, insofar as the segregated assets do not hold any "junior" interest to be received on expiry of the transaction.

Circular 8/E of 6 February 2003 issued by the Italian Revenue Agency defined the tax treatment of segregated assets of companies incorporated for securitisation and confirmed that the economic results deriving from management of the securitised assets, during execution of the transactions in question, do not qualify as cash and cash equivalents of the SPV and, consequently, as the latter is separate to the same, any spreads are not taxable. Essentially the restriction on the destination of "segregated" assets excludes the possession of taxable income. This assumption is in line with that provided for by the Bank of Italy in Circular No. 14890 of 29 March 2000, on the basis of which the income statement of the SPV is not influenced by the income and expense flows relating to the receivables connected to the segregated assets, both as regards the principal and interest income, nor by the expenses incurred by the Company to manage each transaction. Nevertheless, it is understood that any operating result from the securitised portfolio, which remains once all creditors of the segregated assets – for which the SPV is recipient – have been paid, must be taxed from the moment it enters into the possession of the beneficiary, therefore on expiry of each securitisation. Only at that time, in the specific case, are the requirement of the certainty of the occurrence and calculability of the amount prescribed by Art. 75 of the Italian Consolidated Tax Act (TUIR) met, so that a given component can contribute to forming taxable income.

With Resolution No. 77 of 4 August 2010, the Italian Revenue Agency clarified the tax treatment of the withholdings (recognised in the assets of the segregated assets) applied to the interest income accrued in the current bank accounts of SPVs of securitisations; the deduction of said withholdings is permitted in the tax period in which the securitisation expired, namely only in the tax period in which the interest resulting from current bank accounts contribute to forming the comprehensive taxable income of the SPV, against the tax credits relating to the above-cited withholdings.

H.1 – Summary statement of the Cover Pool Asset

	Situation as at 31/12/2023	Situation as at 31/12/2022	Annual change
A. Assets transferred	7,475,807,783	4,672,755,021	2,803,052,762
A.1) Mortgages	7,474,366,905	4,671,068,301	2,803,298,604
A.2) Notes	-	-	-
A.3) Other (bad loans)	819,813	1,283,038	(463,225)
A.4) Interest accrued on assets transferred	621,065	403,682	217,383
B. Use of cash and cash equivalents from the asset management	591,438,842	1,154,357,731	(562,918,889)
B.1) Debt notes	-	-	-
B.2) Equity notes	-	-	-
B.3) Liquidity	591,123,430	1,154,042,646	(562,919,216)
B.4) Repurchase agreements	-	-	-
B.5) Other receivables	315,412	315,085	327
C. Notes Issued	-	-	-
C.1 Class A notes	-	-	-
C.2 Class B notes	-	-	-
C.3 Class C notes	-	-	-
C.4 Class D notes	-	-	-
D. Loans Received	8,003,543,252	5,766,785,121	2,236,758,131
D.1) Notes Lending	-	-	-
D.2) Subordinated Loan	8,003,543,252	5,766,785,121	2,236,758,131
E. Other Liabilities	63,703,373	60,327,631	3,375,742
E.1) Payables to the Company	49,658	64,286	(14,628)
E.2) Other Payables	63,653,715	60,263,345	3,390,370
E.3) Accrued Expenses	-	-	-
F. Interest expense on Notes issued	-	-	-
G. Commissions and fees charged to the Transaction	2,028,774	1,744,627	284,147
G.1) for Servicing	1,866,977	1,565,134	301,843
G.2) for other services	161,797	179,493	(17,696)
G.2a) Placement and Rating Commissions on Notes Issued	-	-	-
G.2b) Bank commissions	826	119	707
G.2c) Cash Manager	-	-	-
G.2d) Issuer	110,068	126,097	(16,029)
G.2e) Paying Agent, RoN and others	50,903	53,277	(2,374)
G.2f) Loss margins on Cover Pool Swaps	-	-	-
G.2g) Loss margins on Interest Rate Swaps	-	-	-
H. Other expenses	191,772,923	91,860,472	99,912,451
H.1) Legal, Professional and Administrative Expenses	35	17,013	(16,978)
H.2) Losses on loans	13,849,457	11,454,928	2,394,529
H.3) Non-deductible VAT	-	-	-
H.4) Interest expenses on Subordinated Loan A Base Interest	164,005,780	27,885,280	136,120,500
H.5) Interest expenses on Subordinated Loan A/B Premium	13,917,651	52,503,251	(38,585,600)
H.6) Contingent Liabilities	-	-	-
I. Interest generated by assets transferred	185,682,620	88,001,844	97,680,776
L. Other revenues	8,119,077	5,603,255	2,515,822
L.1) Interest Income	-	-	-
L.2) Commission Income	1,433,203	1,363,436	69,767
L.3) Profit margins on Cover Pool Swaps	-	-	-
L.3.a) Profit margins on Interest Rate Swaps	-	-	-
L.4) Write-backs on loans	6,685,430	4,238,715	2,446,715
L.5) Contingent Assets	444	1,104	(660)

A description of the breakdown of the main items of statement H.1) is provided below.

B. Use of cash and cash equivalents from the asset management

	Amount as at 31/12/2023	Amount as at 31/12/2022
B.3) Liquidity	591,123,430	1,154,042,646
B.5) Other receivables	315,412	315,085
Total	591,438,842	1,154,357,731

The breakdown of item B.3) is shown in the following table:

	Amount as at 31/12/2023	Amount as at 31/12/2022
Balance of Banco BPM Collection Account	72,773,920	57,252,481
Balance of Banco BPM Transaction Account	517,879,579	1,084,765,496
Balance of Banco BPM Cash Reserve Account	461,500	12,035,811
Balance of Banco BPM Expenses Account 1234-2990	8,466	(11,142)
Balance of Banco BPM Expenses Account 1234-2240	(35)	-
Total	591,123,430	1,154,042,646

The breakdown of item B.5) is shown in the following table:

	Amount as at 31/12/2023	Amount as at 31/12/2022
Receivables for withholdings on bank interest income	300,033	300,033
Prepaid expenses	15,379	15,052
Total	315,412	315,085

D. Loans received

	Amount as at 31/12/2023	Amount as at 31/12/2022
Loans received	8,003,543,252	5,766,785,121
Total	8,003,543,252	5,766,785,121

Loans are represented by (i) a subordinated loan disbursed in a lump-sum by BPM (now Banco BPM) on the issue date of 15 July 2008 of Euro 1,218,502,199, supplemented at the time of subsequent transfers and (ii) following Banco BPM's entry into the Programme, by a subordinated loan disbursed by Banco BPM on 26 April 2018 at the time of the transfer of the Banco BPM First Portfolio of Euro 3,571,279,053, supplemented at the time of subsequent transfers.

Following the mergers, Banco BPM assumed the role, inter alia, of sole Lending Bank and therefore the subordinated loans disbursed by BPM were integrated into the subordinated loans disbursed by Banco BPM. The changes in the loans received since the beginning of the Programme to date are detailed below.

The subordinated loan disbursed in a lump-sum by BPM (now Banco BPM) on the issue date of 15 July 2008 of Euro 1,218,502,199, was integrated as follows:

- in application of the provisions of Italian Ministerial Decree No. 53 of 2 April 2015, and the Circular of the Bank of Italy No. 0651854/15 of 12 June 2015, on 30 June 2009, at the time of the transfer of the Subsequent Portfolio (second transfer of eligible assets), for Euro 1,200,000,000;
- on 4 November 2010, at the time of the transfer of the additional Portfolio (third transfer of eligible assets), for Euro 757,230,876;
- on 4 March 2011, at the time of the transfer of the Notes Portfolio (fourth transfer of eligible assets) comprised by BOT issued by the Italian Republic with a total nominal value of Euro 200,000,000, for Euro 198,041,800;
- on 17 June 2011, at the time of the fourth integration of the Cover Pool Asset (but fifth transfer of eligible assets), for Euro 639,124,585;
- on 8 November 2013, at the time of the transfer of the Additional Portfolio (sixth transfer of eligible assets), for Euro 993,291,417;
- on 10 December 2014, at the time of the transfer of the Additional Portfolio (seventh transfer of eligible assets), for Euro 889,370,781.

On 14 October 2010, BDL concluded an agreement related to a “limited-recourse mortgage” in favour of BPM CB as credit support of the covered bond transaction, aimed at ensuring the timely repayment of the principal on maturity, disbursed on 4 November 2010 for Euro 478,677,231. Following the merger of BPM and BDL, on 13 September 2013, the residual amount of this loan was fully transferred to the current accounts Sub Loan A No. 73725 and Sub Loan B No. 73726 held by BPM CB at BPM.

On 20 March 2013, WEBANK concluded an agreement related to a “limited-recourse mortgage” in favour of BPM CB as credit support of the covered bond transaction, aimed at ensuring the timely repayment of the principal on maturity, disbursed on 28 March 2013 for Euro 432,985,659. Following the merger of WEBANK into BPM in 2014, the residual amount of this loan was transferred to BPM.

In June 2012, BPM requested the Guarantor to agree to the partial early repayment of Term Loan A underwritten at the time of CB Series 2 and Series 3 (Series 2 ISIN IT0004540289 and Series 3 ISIN IT0004654288) as a result of the partial repayment of the two CB issues by the Issuer in July 2012, respectively for Euro 91,985,000 and Euro 147,000,000. Moreover, to fund the acquisition of the transferred portfolio by We Bank S.p.A., the latter disbursed, on 20 March 2013, a subordinated loan for Euro 432,985,659, in a single tranche.

In July 2014, a repayment was made on Term Loan B for Euro 13,901,635 (as a result of the repurchase of loans carried out on 26 July 2014); in September, a repayment was made on Term Loan B for Euro 19,094,691 (as a result of the adjustment of the transfer price carried out on 28 September 2014).

On 15 June 2015, to align the value of the Cover Pool Asset to the value of the subordinated loan, a repayment was made on Term Loan B, for Euro 230,000,000. On 23 October 2015, the Issuer carried out the early partial repayment of CB Series 4 for Euro 500,000,000; later, on 27 October, by signing the Repurchase Transfer Notice, it bought back from BPM excess collateral available in the Cover Pool, for an amount equal to 340,041,494, effective 24 October 2015. Following this transaction, on 16 November 2015, the subordinated loan of Term Loan B was reduced by the corresponding amount.

On 17 November 2015, following the full repayment of CB Series 3, another partial repayment of the principal was made on Term Loan B, for Euro 220,000,000.

On 16 May 2016, by signing of the Repurchase Transfer Notice, excess collateral available in the Cover Pool was repurchased by BPM, for an amount equal to Euro 205,508,088. Following this transaction, on 26 May 2016, BPM carried out the early partial repayment of CB Series 5 for Euro 275,000,000.

On 16 August 2016 and 17 October 2016, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 60,000,000.

On 24 October 2016, on maturity of CB Series 2, the Company carried out the repayment of Term Loan A for an amount equal to Euro 878,065,000.

Immediately after the repayment of CB Series 2, the Parent Company announced its intention to carry out an eighth CB issue, for an amount equal to Euro 1,000,000,000, with variable-rate coupon and five-year maturity. For this reason, on 26 October 2016, the Company resolved to take part as Guarantor in the issue of this series and the subordinated loan was converted from Term Loan B to Term Loan A for an equal amount, on 10 November 2016. The issue was carried out in a “retained” format, as the CBs issued had not been placed on the market but bought back by the Parent Company to be used in refinancing transactions with the European Central Bank or market counterparties.

On 15 November 2016, to align the value of the Cover Pool Asset to the value of the subordinated loan, a partial reduction of the principal of the loan on Term Loan B was carried out, for Euro 85,000,000. Subsequently, for similar reason, on 6 December 2016, the loan was integrated for an amount equal to Euro 20,692,799.

In 2017, on 16 January, 15 February, 15 March, 18 April, 16 May and 17 July, to align the value of the Cover Pool Asset to the value of the subordinated loan, part of the principal of the loan on Term Loan B was reduced and refunded for an amount equal to approximately Euro 45,000,000.

On 10 January 2018 the Company carried out the early full repayment of the residual amount of Euro 375,000,000 of CB Series 5 with maturity 28 May 2021 and, on 15 January 2018, to align the value of the subordinated loan to the value of the Cover Pool Asset, part of the principal on the loan on Term Loan B was reduced and refunded for an amount equal to approximately Euro 350,000,000.

Following the access to the Programme by Banco BPM, and the purchase of the Banco BPM First Portfolio and the BPM Eighth Portfolio, on 26 April 2018, Banco BPM granted a loan to the Company for Euro 3,571,279,053, on Term Loan B of Banco BPM, and, at the same time, BPM granted an additional loan of Euro 297,831,809 on Term Loan B of BPM. The Banco BPM loan was subsequently integrated as follows:

- on 20 September 2019, at the time of the transfer of the Additional Portfolio (Banco BPM Second Portfolio), for Euro 698,779,296;
- on 1 July 2021, at the time of the transfer of the Additional Portfolio (Banco BPM Third Portfolio), for Euro 497,987,043.

More specifically, on 18 April 2018, following access to the Programme by Banco BPM, the Eighth Portfolio of BPM S.p.A. for an amount equal to Euro 297,831,809 and the First Portfolio of Banco BPM for an amount equal to Euro 3,571,279,053 were transferred to BPM Covered Bond S.r.l. To this end, Banco BPM and BPM S.p.A. granted the SPV two subordinated credit lines, corresponding to the amount of the assets in the First Portfolio and the Eighth Portfolio respectively.

On 26 April 2018, CB Series 9 was issued for an amount equal to Euro 2,500,000,000 and on 23 November 2018, CB Series 10 was issued for an amount equal to Euro 600,000,000.

On 4 July 2019 the Company carried out the early full repayment of the residual amount of Euro 500,000,000 of CB Series 4 with maturity 18 July 2019 and, on 15 July 2019, to align the value of the subordinated loan to the value of the Cover Pool Asset, part of the principal on the loan on Term Loan B was reduced and refunded for an amount equal to Euro 350,000,000.

On 19 September 2019, the Second Portfolio of Banco BPM was transferred for Euro 698,779,296. To this end, Banco BPM granted the SPV a subordinated line of credit corresponding to the amount of assets related respectively to the Second Portfolio of Banco BPM. On 29 September 2019, CB Series 11 was issued for Euro 650,000,000.

During 2020, on 10 January 2020, the Company carried out an early partial repayment on CB Series 6, maturing on 16 March 2020, for Euro 150,000,000 and, at the same time, the subordinated loan was converted from Term Loan A to Term Loan B. On the maturity date of 16 March 2020, the residual amount of Euro 600,000,000 was repaid, followed by the conversion of the subordinated loan from Term Loan A to Term Loan B. On the dates of 15 April, 17 July and 15 October 2020, to align the value of the Cover Pool Asset with that of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 880,000,000.

On 7 January 2021, the Company carried out the early partial repayment of CB Series 9 for Euro 600,000,000 and, at the same time, the conversion of the subordinated loan from Term Loan A to Term Loan B. On 30 June 2021, the Company acquired a Third Portfolio of eligible assets originated by Banco BPM for the price of Euro 498,987,043. To this end, Banco BPM granted the SPV a subordinated line of credit corresponding to the amount of assets related to the Third Portfolio of Banco BPM.

On 28 March 2022, the Company acquired a Fourth Portfolio of eligible assets originated by Banco BPM for the price of Euro 415,682,744. To this end, Banco BPM granted the SPV a subordinated line of credit corresponding to the amount of assets related to the Fourth Portfolio of Banco BPM. On the Guarantor Payment Dates of 17 January 2022, 15 April 2022, 15 July 2022 and 17 October 2022, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 835,000,000.

On the maturity date of 23 November 2022, Banco BPM fully redeemed CB Series 10 for a nominal value of euro 600,000,000, and at the same time the subordinated loan was converted from Term Loan A to Term Loan B.

During 2023 (i) on 22 May 2023, the Company acquired a Fifth Portfolio of eligible assets (twelfth transfer to the Company) originated by Banco BPM for a price of Euro 1,606,400,141 and (ii) on 21 December 2023, the Company acquired a Sixth Portfolio of eligible assets (thirteenth transfer to the Company) originated by Banco BPM for a price of Euro 2,080,357,987. To this end, Banco BPM granted the SPV a subordinated line of credit, corresponding to the amount of assets related respectively to the Fifth and Sixth Portfolios of Banco BPM.

On the Guarantor Payment Dates of 16 January 2023, 17 April 2023, 17 July 2023 and 16 October 2023, to align the value of the Cover Pool Asset to the value of the subordinated loan, the Company carried out the partial repayment of the principal of the loan on Term Loan B, for a total amount of Euro 1,450,000,000.

Other liabilities

	Amount as at 31/12/2023	Amount as at 31/12/2022
E.1) Payables to the Company	49,658	64,286
E.2) Other payables	63,653,715	60,263,345
E.3) Accrued expenses	-	-
Total	63,703,373	60,327,631

The breakdown of item E.2) is shown in the following table:

	Amount as at 31/12/2023	Amount as at 31/12/2022
Due to suppliers	16,326	12,900
Due to the Servicer as servicing fees	483,820	429,635
Due for interest expenses on subordinated loan A Base Interest	27,278,740	12,358,915
Due for interest expenses on subordinated loan A/B Premium	35,874,279	47,461,895
Other payables	550	-
Total	63,653,715	60,263,345

The "Payable to the Company" item includes the net income from the charge-back to the segregated assets of the costs incurred for the ordinary management of the Company.

The "Due to the Servicer as servicing fees" item refers to the servicing fees accrued in the collection period of the fourth quarter 2023, paid at the Payment Date of 15 January 2024.

The amount due for interest expense on subordinated loan A Base Interest represents the liability incurred for the interest accrued on covered bonds issued by the Parent Company.

The amount due for interest expense on subordinated loan A/B Premium represents the liability incurred for the additional interest that the Company must pay to Banco BPM, as excess spread generated by the assets included in the portfolio to guarantee the CB issued and that correspond to the residual cash flows after the vehicle has met all senior financial commitments, according to the payment priority order.

G. Commissions and fees charged to the transaction

	Amount as at 31/12/2023	Amount as at 31/12/2022
Servicing fees	1,866,977	1,565,134
Fees for other services (*)	161,797	179,493
Total	2,028,774	1,744,627

"Fees for other services" include (i) the fees of The Bank of New York Mellon as Computation Agent, Account Bank, Paying Agent, RoB and Acceptance fee on new issues and (ii) the charge-back of corporate management costs.

H. Other expenses

The item "H.4) Interest expense on subordinated loan A Base Interest" is represented by the base interest accrued during the year in favour of Originator Banco BPM, namely said item relates to the part of cost accrued over the year equal to the amount of the interest calculated on the covered bonds issued by the Parent Company, while the item "H.5) Interest expense on subordinated loan A/B Premium" include (i) the additional interest paid during the year as excess spread for a total amount of Euro 25,505,267 and (ii) the amount of additional interest that the Company is required to pay to the Subordinated Loan provider as excess spread, calculated as difference between the positive and negative income components of the securitised assets as at 31 December 2023. The difference between Revenues and Costs for 2023 was a negative Euro 11,587,616 and was attributed to a decrease of "Interest expenses on Subordinated Loan A/B Premium".

It should be noted that (i) on both GPDs in the first half of the year, a portion of the principal collections was used to supplement the available funds as interest to cover the "Interest Shortfall Amount" generated in the structure and the interest on the subordinated loan as Excess Spread or "Premium on Term Loan" was not paid, and (ii) on the GPD of 17 July 2023, with regard to the interest payment waterfall, among others, to supplement the total "Principal Available Funds", the amount relating to the total "Interest Shortfall Amounts" generated in the structure and covered in the previous GPDs was recognised, and the interest was paid (as well as on the GDP in October 2023) on the subordinated loan as "Excess Spread" or "Premium on Term Loan".

QUALITATIVE INFORMATION

H.2 — Description and performance of the transaction

Date of the transaction: On 9 June 2008, the loan purchase agreement was completed, under which the Company acquired the first portfolio of eligible loans from BPM, without recourse. On 15 June 2009, the Company acquired a second portfolio of loans, without recourse. On 5 October 2010, the Issuer resolved to make changes to

the Programme structure and the corresponding contractual documentation, to implement a Multi Originator & Multi Seller structure, aimed at encouraging the banks that belong to the Group to take part in the Programme as new sellers. In this first stage of the Multi Originator & Multi Seller structure, Banca di Legnano ("BDL") joined the Programme and approved the transaction in question, completing the loan transfer agreement on 14 October 2010. At the same time, on 15 October 2010, BPM transferred, without recourse, a new portfolio of eligible assets to the Company (BPM third portfolio). On 4 March 2011, by virtue of a Transfer Agreement with BPM, the Company acquired from the Parent Company a portfolio of Eligible Assets (BPM fourth portfolio), consisting of BOT issued by the Italian Republic, with a total nominal value of Euro 200,000,000. Lastly, again under the CB Programme launched on 9 June 2008, on 17 June 2011, the Company acquired, without recourse, an additional portfolio of eligible assets from BPM (BPM fifth portfolio).

On 20 March 2013, after obtaining the consent of the Guarantor, as part of the Multi Originator & Multi Seller structure of the Programme, WEBANK joined as Seller. WEBANK transferred the Company, without recourse, a new portfolio of eligible assets pursuant to Art. 2 of the Regulation. On 14 September 2013, the merger by incorporation of BDL into BPM S.c. a r.l was completed, as a result of which the BDL portfolio has been included in the BPM portfolio. Under the Programme, on 8 November 2013, the Company acquired, without recourse, an additional portfolio of performing mortgage loans from BPM (BPM sixth portfolio).

On 25 November 2014, the merger by incorporation of WEBANK into BPM S.c.a r.l was completed, as a result of which the WEBANK portfolio has been included in the BPM portfolio. On 10 December 2014, the Company acquired, without recourse, a further portfolio of eligible assets from BPM (BPM seventh portfolio).

With BoD resolution of 6 April 2018, the Company authorised Banco BPM to access the Programme, as an "Additional Seller" and "Additional Lender", by virtue of the contractual amendment provided pursuant to the Master Amendment and Restatement Agreement ("MARA"), then signed on 13 November 2018, which implemented all changes to the relevant contractual relations resulting from the merger of BPM into Banco BPM completed in November 2018, allowing, among other things, the possibility for new additional sellers to subscribe to the Programme and transfer eligible assets to the Guarantor in accordance with the terms of the MARA and the Master Receivables Purchase Agreement. Following the above, on 18 April 2018, Banco BPM transferred, without recourse, a new portfolio of mortgage loans to the Company ("Banco BPM First Portfolio"). At the same time, BPM transferred, without recourse, a new portfolio of eligible assets to the Company ("BPM Eighth Portfolio").

On 19 September 2019, Banco BPM transferred, without recourse, a new portfolio of loans ("Banco BPM Second Portfolio"). On 30 June 2021, the Company acquired a third portfolio of eligible assets, comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM ("Banco BPM Third Portfolio").

On 28 March 2022, the Company acquired a new portfolio of eligible assets, comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM ("Banco BPM Fourth Portfolio").

During the year (i) on 22 May 2023, the Company acquired a new portfolio of eligible assets ("Banco BPM Fifth Portfolio", twelfth transfer to the Company) consisting of residential mortgages, including disbursements to Group employees, and commercial mortgages originated by Banco BPM and (ii) on 21 December 2023, the Company acquired an additional new portfolio of eligible assets ("Banco BPM Sixth Portfolio", thirteenth transfer to the Company) consisting of residential mortgages, including disbursements to Group employees, and commercial mortgages originated by Banco BPM.

Originators:

At the time of the Transaction, the Originator was Banca Popolare di Milano S.c.a r.l., a financial intermediary with registered office in Milan, Piazza Meda No. 4, listed under No. 5584.8 of the Bank Register held at the Bank of Italy pursuant to Art. 13 of Italian Legislative Decree No. 385 of 1 September 1993. From 1 January 2017, following the merger, this role has been taken by Banca Popolare di Milano S.p.A., a financial intermediary with registered office in Milan, Piazza Meda No. 4, listed under No. 5548.1462 of the Bank Register held at the Bank of Italy pursuant to Art. 13 of Italian Legislative Decree No. 385 of 1 September 1993.

Following the merger by incorporation of BPM S.p.A. into Banco BPM, completed on 26 November 2018, the originator is now Banco BPM, listed under No. 8065 of the Bank Register held at the Bank of Italy pursuant to Art. 13 of Italian Legislative Decree No. 385 of 1 September 1993.

Loans to be transferred:

On 6 June 2008, the Quotaholders' Meeting approved the covered bond issue programme, providing for BPM to transfer by the end of June, a first portfolio of Eligible Assets pursuant to Art. 2 of the Italian MEF Decree, consisting of residential mortgage loans disbursed by BPM, without prejudice to the possibility of transferring, at a later time, over the duration of the Programme, other types of Eligible Assets and integrative Eligible Assets, to the extent that this was appropriate or necessary pursuant to the agreements that the Company would conclude with regard to the Programme and, in any case, following the limits specified in the Regulation and the Supervisory Provisions. In this regard, in April 2018, the contractual documentation of the programme was amended to envisage new transfer criteria with a view to also including commercial mortgage loans and disbursements to Group employees of Banco BPM Group.

The detailed characteristics of the loans transferred during the various years were published in the Official Journal also to inform borrowers of the transfer.

With the framework agreement of 9 June 2008 for the transfer of monetary claims that can be identified as a pool pursuant to the joint provisions of Art. 7-bis and Art. 4 of Italian Law No. 130 of 30 April 1999 ("Covered Bond Law"), Art. 58 of the Consolidated Banking Law, and Art. 13 of Italian Legislative Decree No. 196 of 30 June 2003 ("Privacy Code"), BPM has transferred without recourse an Initial Portfolio of performing loans. The price for the acquisition of the initial portfolio was set at Euro 1,218,502,199, calculated in compliance with the provisions of para. 7, Art. 7-bis of the Covered Bond Law. The characteristics of the mortgages transferred were published in detail in Part II of the Official Journal No. 71 of 17 June 2008.

On 15 June 2009, by virtue of this transfer agreement of monetary claims that can be identified as a pool concluded on 9 June 2008, pursuant to the joint provisions of Art. 1 and Art. 4 of the Covered Bond Law and Art. 18 of the Consolidated Banking Law, the Company acquired without recourse from BPM every credit position that, as at 31 May 2009, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 13 of 27 June 2009, for a transfer value of Euro 1,304,703,260.

On 15 October 2010, by virtue of the agreement mentioned above, pursuant to the joint provisions of Art. 1 and Art. 4 of the Covered Bond Law and Art. 58 of the Consolidated Banking Law, the Company acquired without recourse from BPM every credit position that, as at 19 September 2010, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 126, 23 October 2010, for a transfer value equal to Euro 1,137,230,877. On 14 October 2010, the Company concluded with BDL a transfer agreement of monetary claims that can be identified as a pool pursuant to the joint provisions of Arts. 7-bis and 4 of the Covered Bond Law and Art. 58 of the Consolidated Banking Law. Pursuant to

this agreement, BDL transferred, and the Company acquired without recourse from BDL, every credit position deriving from performing mortgage loans disbursed that, as at 19 September 2010, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 126 of 23 October 2010, for a transfer value of Euro 478,677,231.

In 2011, by virtue of this transfer agreement of monetary claims that can be identified as a pool concluded on 9 June 2008, pursuant to the joint provisions of Art. 1 and Art. 4 of the Covered Bond Law and Art. 58 of the Consolidated Banking Law, the Company acquired two portfolios:

- a) on 4 March 2011, a portfolio of Eligible Assets consisting of BOT issued by the Italian Republic with a total nominal value of Euro 200,000,000, consisting of No. 3 BOT for a total price of Euro 198,041,800;
- b) on 17 June 2011, a portfolio of Eligible Assets, acquired without recourse from BPM, including every credit position that, as at 12 June 2011, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 72 of 25 June 2011, for a transfer price of Euro 639,124,585.

On 20 March 2013, the Company concluded with WEBANK a transfer agreement of monetary claims that can be identified as a pool pursuant to the joint provisions of Arts. 7-bis and 4 of the Covered Bond Law and Art. 58 of the Consolidated Banking Law. Pursuant to this agreement, WEBANK transferred, and the Company acquired without recourse from WEBANK, every credit position deriving from the performing mortgage loans disbursed that, as at 23 February 2013, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 36 of 26 March 2013, for a transfer value of Euro 432,985,659.

On 8 November 2013, by virtue of this transfer agreement of monetary claims that can be identified as a pool concluded on 9 June 2008, pursuant to the joint provisions of Arts. 1 and 4 of the Covered Bond Law and Art. 58 of the Consolidated Banking Law, the Company acquired without recourse from BPM every credit position that, as at 27 October 2013, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 133 of 12 November 2013, for a transfer value of Euro 993,291,417.

On 10 December 2014, the Company acquired without recourse from BPM an additional portfolio of Eligible Assets, including every credit position that, as at 6 December 2014, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 149 of 18 December 2014, for a transfer value of Euro 1,293,636,707.

On 18 April 2018, Banco BPM transferred without recourse to the Company a new portfolio of mortgage loans ("Banco BPM First Portfolio"), including every credit position that, as at 8 April, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 48 of 24 April 2018, for a transfer value of Euro 3,571,279,053. At the same time, BPM transferred without recourse to the Company a new portfolio of mortgage loans ("BPM Eighth Portfolio"), including every credit position that, as at 8 April, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 48 of 24 April 2018, for a transfer value of Euro 297,831,809.

On 19 September 2019, Banco BPM transferred a new loan portfolio for a transfer value of Euro 698,779,296 ("Banco BPM Second Portfolio"), comprised by every credit position that, as at 15 September 2019, met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 113 of 26 September 2019.

On 30 June 2021, the Company acquired a third portfolio of eligible assets, with a transfer value of Euro 498,987,043, comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM ("Banco BPM Third Portfolio"), which as at 10 May 2021 met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 80 of 8 July 2021.

On 28 March 2022, the Company acquired a fourth portfolio of eligible assets, with a transfer value of Euro 415,682,744, comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM ("Banco BPM Fourth Portfolio"), which as at 14 March 2022 met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 37 of 31 March 2022.

On 22 May 2023, the Company acquired a fifth portfolio of eligible assets, with a transfer value of Euro 1,606,400,141, comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM ("Banco BPM Fifth Portfolio"), which as at 7 May 2023 met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 62 of 27 May 2023.

On 21 December 2023, the Company acquired a sixth portfolio of eligible assets, with a transfer value of Euro 2,080,357,987, comprised by residential mortgage loans, including disbursements to Group employees, and commercial mortgage loans originated by Banco BPM ("Banco BPM Sixth Portfolio"), which as at 17 December 2023 met the cumulative criteria specified in the transfer notice published in Part II of the Official Journal of the Italian Republic No. 152 of 28 December 2023.

The acquisition by the Company of the Initial Portfolio and the Subsequent Portfolios was funded with a limited recourse loan, disbursed by BPM, now Banco BPM, pursuant to Art. 7-bis of the Covered Bond Law, for an amount equal to Euro 1,218,502,199, as integrated on 26 June 2009, for Euro 1,200,000,000, on 4 November 2010 for Euro 757,230,876, on 4 March 2011 for Euro 198,041,800, on 17 June 2011 for Euro 639,124,585, on 8 November 2013 for Euro 993,291,417, on 10 December 2014 for Euro 889,370,781, on 24 April 2018 for Euro 3,869,110,862, on 20 September 2019 for Euro 698,779,296, on 1 July 2021 for Euro 498,987,043, on 29 March 2022 for Euro 415,682,744, on 23 May 2023 for Euro 1,606,400,141 and on 22 December 2023 for Euro 2,080,357,987.

The acquisition by the Company of the portfolio transferred by BDL (merged by incorporation into BPM on 14 September 2013) has been funded with a limited recourse loan disbursed by BDL pursuant to Art. 7-bis of the Covered Bond Law, for an amount equal to Euro 478,677,231. The acquisition by the Company of the portfolio transferred by WEBANK (merged by incorporation into BPM on 25 November 2014) has been funded with a limited recourse loan disbursed by WEBANK pursuant to Art. 7-bis of the Covered Bond Law, for an amount equal to Euro 432,985,659.

The repayment of the loan will be subordinated with respect to the obligations of the Company towards the holders of the covered bonds issued by Banco BPM and towards the counterparties of the derivative agreements entered to hedge the intrinsic risk of the assets acquired and the other ancillary agreements by this concluded, as well as to the obligations to pay the other costs that the Company will incur to carry out all activities necessary and complementary to the planned participation in the Programme.

The Company has appointed BPM, now Banco BPM, to provide cash collection and distribution services with regard to the loans acquired, with a servicing agreement: the latter shall transfer the amounts received with regard to the credit

positions transferred in the special accounts opened in the name of the Company.

The personal data of the transferred borrowers, in possession of BPM CB, was collected by BPM, now Banco BPM, and processed as part of the standard activities of data controllers. With regard to the indicated purposes, the personal data is processed with manual, IT and telematic procedures with approaches strictly related to the purposes and, in any case, ensuring data security and confidentiality.

The Company acts as Guarantor of the covered bonds issued by Banco BPM by granting to the holders of the covered bonds a first demand guarantee, irrevocable, unconditional and independent pursuant to the provisions of Art. 4 of the Regulation, for an indicative maximum amount of Euro 10,000,000,000 (ten/billion). The different series of covered bonds issued by Banco BPM, pursuant to the programme, benefit cumulatively of the guarantee, with the result that the segregated assets, consisting of all assets transferred to the Company as part of the Programme, are allocated, with priority on the repayment of the Subordinated Loan, to meet the obligations towards the holders of each covered bond series issued by BPM and the counterparties of the derivative contracts taken out to hedge the risk intrinsic to the assets acquired and the other ancillary agreements concluded by the Company, as well as to the payment of the other costs incurred by the Company to carry out the activities necessary and complementary to the planned participation in the Programme.

Repurchases

Pursuant to a transfer agreement concluded on 16 May 2016, the following loans, which BPM Covered Bond had transferred, were repurchased, without recourse from BPM, and as at 7 May 2016:

- a) were transferred by Banca Popolare di Milano S.c. a r.l. pursuant to the framework transfer agreement signed on 9 June 2008 and of the relative transfer agreement signed on 10 December 2014, and disbursed between 1 June 2014 and 30 September 2014;
- b) were classified as "Loans" in default pursuant to clause 12.1.1 of the transfer agreement.

Banco BPM arranged (i) in March 2018, the repurchase "en bloc" of the receivables deriving from mortgage loans classified as bad loans until 31 January 2018 and (ii) in December 2018, the repurchase "en bloc" of positions classified as bad loans as at 30 November 2018.

In October 2020, Banco BPM repurchased "en bloc" the positions classified as bad loans as at 10 October 2020 and the relative price was paid to the SPV in November 2020.

On 30 June 2021, by signing the relative contracts, Banco BPM repurchased "en bloc" the positions included in the Programme that were classified as bad loans as at 31 May 2021. Banco BPM paid the repurchase price of these loans to the SPV on 1 July 2021.

On 28 March 2022, by signing the relative contracts, Banco BPM repurchased "en bloc" the positions included in the Programme that were classified as bad loans as at 28 February 2022, together with several positions classified as unlikely to pay as at 31 December 2021. Banco BPM paid the considerations for these repurchases to the SPV in March 2022.

On 23 November 2022, by signing the relative contracts, Banco BPM repurchased, inter alia, as a pool, (i) the positions in the Programme which, as at 31 October 2022, were classified as bad loans, (ii) a portion of mortgages previously transferred to the SPV and no longer classifiable as "eligible", insofar as on 13 November 2022, the mortgage collateral had expired and (iii) a portion of mortgages previously transferred to the SPV and no longer classifiable as "eligible", disbursed by the former BPM between 1 January 2017 and 18 July 2017. Banco BPM paid the considerations for these repurchases to the SPV on 24 November 2022.

On 22 May 2023, by signing the relative contracts, Banco BPM repurchased, as a pool, (i) the positions in the Programme which, as at 30 April 2023, were classified as bad loans, (ii) a portion of mortgages previously transferred to the SPV and no longer classifiable as "eligible", including all mortgages for which, as at 7 May 2023, the mortgage collateral had expired and (iii) several positions classified as unlikely to pay as at 5 April 2023. Banco BPM paid the repurchase prices for these loans to the SPV on 23 May 2023.

On 21 December 2023, by signing the relative contracts, Banco BPM repurchased, as a pool, (i) the positions in the Programme which, as at 30 November 2023, were classified as bad loans, (ii) a portion of mortgages previously transferred to the SPV and no longer classifiable as “eligible” insofar as, their mortgage collateral was due to expire by 31 December 2023 and (iii) several positions classified as unlikely to pay as at 30 September 2023. Banco BPM paid the repurchase prices for these loans to the SPV in December 2023.

Transaction performance

As at 31 December 2023, the total mortgage loan portfolio (excluding accrued income on the mortgages) amounted to Euro 7,475,186,718 divided between (i) performing, unlikely-to-pay and non-performing past due loans, net of related provisions for write-downs, of Euro 7,474,366,905 and (ii) bad loans, net of related provisions for write-downs, of Euro 819,813.

Total loan portfolio

Originator BANCO BPM	Amount as at	% portfolio as at	Amount as at	% portfolio as at
	31/12/2023	31/12/2023	31/12/2022	31/12/2022
Performing, unlikely-to-pay and non-performing past due loans	7,474,366,905	99.99%	4,671,068,301	99.97%
Bad loans	819,813	0.01%	1,283,038	0.03%
Total loan portfolio	7,475,186,718	100.00%	4,672,351,339	100.00%

As described above, the value of loans is net of related provisions for write-downs and the amortised cost, which as at 31 December 2023 respectively amounted to: provision for collective write-down Euro 24,986,387, amortised cost provision Euro 20,899,564, provision for write-down of unlikely-to-pay loans Euro 14,487,294, provision for write-down of non-performing past due loans Euro 673,522, and provision for write-down of bad loans Euro 338,305.

Note that the classification of non-performing loans is that indicated in the accounting records and management system of the Servicer. The table below summarises the non-performing loans, which include unlikely-to-pay loans, non-performing past due loans and bad loans net of related provisions for write-down.

Total non-performing loans

Originator BANCO BPM	Non-performing loans	% Non-performing loans	Non-performing loans	% Non-performing loans
	as at 31/12/2023	as at 31/12/2023	as at 31/12/2022	as at 31/12/2022
Bad loans	819,813	1.46%	1,283,038	1.94%
Unlikely-to-pay loans	51,781,716	92.41%	60,929,089	92.17%
Non-performing past due loans	3,433,255	6.13%	3,891,093	5.89%
Total non-performing loans	56,034,784	100.00%	66,103,220	100.00%

H.3 — Role performed in the transactions, indication of the parties involved

Acquirer:

BPM CB, a Company established on 21 September 2007 with business name DUSE FINANCE S.R.L. pursuant to Law No. 130/99, which has changed its business name (and business purpose) to “BPM Covered Bond S.r.l.” on 3 June 2008. The Company changed its registered office to Via Curtatone, 3 – 00185 Rome (RM), Italy effective 20 January 2021.

Originator/Servicer:

Banco BPM, the banking company (parent company of the banking group of the same name) established following the merger of the cooperative banks Banca Popolare Soc. Coop. and Banca Popolare di Milano S.C.a r.l., effective from 1 January 2017, enrolled in the Register of the Bank of Italy under No. 8065 pursuant to Art. 64 of the Consolidated Banking Law, with registered office in Milan, at Piazza Filippo Meda 4, tax identification code and record in

the Milan Business Register No. 09722490969. Following the merger by incorporation of BPM S.p.A. (founded from the sale of a business unit of BPM S.c. a r.l. included in the former Banco Popolare di Mantova) into Banco BPM, concluded on 26 November 2018, the BPM S.p.A. portfolio has been included in the Banco BPM portfolio, which has assumed the role of single originator. As of the same date, Banco BPM has also assumed the role of single servicer in charge of the cash collection and distribution services, for which, pursuant to a servicing agreement, it receives a Servicing fee as consideration. The accounting requirements related to the securitised portfolio, including, merely by way of example, the notifications to the centralised risk database and tax register, notifications related to anti-money laundering regulations, are carried out by the Servicer BPM.

Guarantor Corporate Servicer:

KPMG Fides Servizi di Amministrazione S.p.A., Rome, Italy.
Note that on 21 October 2021, effective from 1 July 2021, the current “Corporate Services Agreement” was amended, maintaining KPMG’s assignment to provide corporate services relating to the Issuer, and granting the assignment to provide accounting, administrative and tax-related services to Banco BPM under a new agreement (“Administrative Services Agreement”) signed on the same date and effective from the same date.

Administrative Servicer

Banco BPM S.p.A.
Following the signature of the “Administrative Services Agreement” on 21 October 2021, effective from 1 July 2021, administrative, accounting and tax-related activities have been assigned to Banco BPM.

Issuer, Master Servicer, Investment Manager, Account Bank, Principal Paying Agent, Calculation Agent:

Banco BPM S.p.A.

Subordinated Lender, Seller, Sub-Servicer, Collection Account Bank:

Banco BPM S.p.A.

Asset Monitor:

BDO ITALIA S.p.A.

Auditor:

PricewaterhouseCoopers S.p.A.

Representative of Bondholders:

BNY Mellon Corporate Trustee Services Limited

Dealer/Arranger:

UBS Limited / Barclays Bank PLC / Banca Akros S.p.A. (Banco BPM Group)

Quotaholder:

Stichting Horizonburg / Banco BPM S.p.A.

Luxemburg Listing Agent:

The Bank of New York Mellon SA/NV – Milan Branch

Obligations of the Originator:

Banco BPM, as Issuer and Originator, and BPM CB, as Transferee, have concluded a Warranty and Indemnity Agreement pursuant to which BPM CB has made certain statements and provided certain guarantees to the Issuer concerning the Portfolio. The Warranty and Indemnity Agreement contains, among other things, statements and guarantees of the Originator in relation to the following categories: Property mortgage agreements, Loans, Mortgages and

Collateral Security, Properties, Disclosure, Securitisation Law and Art. 58 of the Consolidated Banking Law.

H.5 — Ancillary financial transactions

Interest Rate Swaps

At the reference date of these financial statements, all IRS agreements taken out by BPM CB to hedge the interest rate risk deriving from the misalignment between the flows of interest income on the portfolio and the flows of interest expenses on the notes issued by Banco BPM had been closed.

Cover Pool Swaps

On the date of these financial statements, no Cover Pool Swap is in place.

Subordinated Loan Agreement

The SPV paid the purchase prices of the various portfolios using the Subordinated Loans granted by Banco BPM and BPM (now Banco BPM) and the available liquidity resulting from the amortisation of the loan portfolio deposited in its current accounts.

Specifically, in June 2008, BPM (now Banco BPM) and the SPV entered into a Subordinated Loan Agreement in favour of the SPV as credit support for the Covered Bond transaction, with a view to guaranteeing the timely repayment of the principal on maturity, disbursed on 15 July 2008 for Euro 1,218,502,199 and supplemented at the time of subsequent transfers. On 18 April 2018, following Banco BPM's access to the Programme, Banco BPM and the SPV entered into a Subordinated Loan Agreement in favour of the SPV as credit support for the Covered Bond transaction, with a view to guaranteeing the timely repayment of the principal on maturity, disbursed on 26 April 2018 for Euro 3,571,279,053 by Banco BPM (and simultaneously for Euro 297,831,809 by BPM) and supplemented by Banco BPM at the time of subsequent transfers.

Following the merger by incorporation of Banco Popolare di Milano S.p.A. ("BPM") into the Parent Company Banco BPM, finalised in November 2018, Banco BPM assumed the role, inter alia, of sole Lending Bank and therefore the subordinated loans disbursed by BPM were integrated into the subordinated loans disbursed by Banco BPM.

Each Term Loan granted under the Subordinated Loan Agreement is identified as (i) a Term Loan A, which is linked to the relative CB Series issued and for an amount equal to the nominal amount of the same and (ii) a Term Loan B advanced for the purpose of funding (all or part) of the purchase of eligible assets. Each Term Loan accrues interest on its outstanding principal amount at a rate calculated on the same basis as the interest calculated pursuant to the corresponding Series of Covered Bonds (so-called "Base Interest") and this interest is paid according to the Interest Period of the relative CB series. On every quarterly payment date, the Base Interest on Term Loan A is paid (or the payment, which will take place at each maturity date of the relative coupon during the quarter following the GPD, is arranged), and the Premium Interest on the Term Loan is paid to the extent there are available funds and in accordance with the priority of payments. The obligations to make principal and interest payments on the subordinated loan offer limited recourse, as the payments are due within the limits of the available funds of the SPV according to the payment priority order as specified in the regulation of the notes of the transaction.

Simultaneous to the issue of each CB Series, the Term Loan B is converted into Term Loan A for an amount equal to the nominal value of the respective CB issue and vice versa in the event that the security is redeemed. The main conditions of Term Loan A loans in place as at 31 December 2023 are summarised below.

On 19 November 2015, BPM made a Seventh CB issue for an amount equal to Euro 900,000,000, in retained format, namely not placed on the market, but repurchased by the Parent Company to be able to re-use them in refinancing transactions with the European Central Bank or with market counterparties. At the time of issue of CB Series 7, Term Loan B was converted into Term Loan A for Euro 900,000,000. We summarise below the main conditions of the loan:

Type of loan:	conversion of a portion of the Sub Loan B No. 73726 into Sub Loan A No. 73725, following the issue of CB Series 7.
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Payment obligations deriving from the loan:	the obligations to pay principal and interest follow the payment priority order as specified by the regulation of the securitisation notes.
Applicable annual interest rate:	variable, 3-month Euribor plus 0.6%
Default interest:	not due
Duration:	until 19 November 2022, extended to 19 November 2027
Repayment plan:	the interest on Term Loan A is paid according to the Interest Period of CB Series 7. At each quarterly payment date, the Base Interest is paid on Term Loan A.

On 7 November 2016, the Company issued CB Series 8, for an amount equal to Euro 1,000,000,000, with variable-rate coupon and five-year maturity. At the same time, the subordinated loan was converted by Term Loan B to Term Loan A for corresponding amount.

We summarise below the main conditions of the loan:

Type of loan:	conversion of a portion of the Sub Loan B No. 73726 into Sub Loan A No. 73725, following the issue of CB Series 8.
Payment obligations deriving from the loan:	the obligations to pay principal and interest follow the payment priority order as specified by the regulation of the securitisation notes.
Applicable annual interest rate:	variable, 3-month Euribor plus 0.3%
Default interest:	not due
Duration:	until 7 November 2021, extended to 7 November 2025.
Repayment plan:	the interest on Term Loan A is paid according to the Interest Period of CB Series 8. At each quarterly payment date, the Base Interest is paid on Term Loan A.

Following the access to the Programme by Banco BPM, and the purchase on 18 April 2018 of the Banco BPM First Portfolio and the BPM Eighth Portfolio, on 26 April 2018, Banco BPM granted a loan to the Company for Euro 3,571,279,053 and, at the same time, BPM granted an additional loan of Euro 297,831,809. These loans, granted on Banco BPM's Term Loan B and BPM's Term Loan B, were then converted for a total amount of Euro 2,500,000,000 (in particular, Euro 2,307,557,977 on Banco BPM Sub Loan A and Euro 192,442,023 on BPM S.p.A Sub Loan B) on the occasion of the Ninth Issue of CBs. A partial early repayment of Euro 600 million of issued CB Series 9 was made on 7 January 2021, followed by the conversion of the subordinated loan from Term Loan A to Term Loan B for the same amount.

We summarise below the main conditions of the loan:

Type of loan:	conversion of a portion of the Sub Loan B No. 73726 into Sub Loan A No. 73725, and conversion of a portion of the Sub Loan B No. 2129 into Sub Loan A No. 2130 following the issue of CB Series 9.
Payment obligations deriving from the loan:	the obligations to pay principal and interest follow the payment priority order as specified by the regulation of the securitisation notes.
Applicable annual interest rate:	variable, 3-month Euribor plus 0.3%
Default interest:	not due
Duration:	until 26 April 2021, extended to 26 January 2025
Repayment plan:	the interest on Term Loan A is paid according to the Interest Period of CB Series 9. At each quarterly payment date, the Base Interest is paid on Term Loan A.

Following the purchase on 19 September 2019 of the Banco BPM Second Portfolio, the same granted a loan to the Company for Euro 698,779,296. This loan, granted on Banco BPM's Term Loan B, was then converted for a total amount of Euro 650,000,000 on the occasion of the Eleventh Issue of CBs.

We summarise below the main conditions of the loan:

Type of loan:	conversion from Sub Loan B No. 2129 to Sub Loan A No. 2130 following the issue of CB Series 11.
Payment obligations deriving from the loan:	the obligations to pay principal and interest follow the payment priority order as specified by the regulation of the securitisation notes.
Applicable annual interest rate:	variable, 3-month Euribor plus 0.8%
Default interest:	not due
Duration:	until 25 March 2025
Repayment plan:	the interest on Term Loan A is paid according to the Interest Period of CB Series 11. At each quarterly payment date, the Base Interest is paid on Term Loan A.

The loan, granted on Banco BPM's Term Loan B, was converted for a total amount of Euro 600,000,000 on the occasion of the Twelfth Issue of CBs.

We summarise below the main conditions of the loan:

Type of loan:	conversion from Sub Loan B No. 2129 to Sub Loan A No. 2130 following the issue of CB Series 12.
Payment obligations deriving from the loan:	the obligations to pay principal and interest follow the payment priority order as specified by the regulation of the securitisation notes.
Applicable annual interest rate:	variable, 3-month Euribor plus 0.75%
Default interest:	not due
Duration:	until 21 December 2027
Repayment plan:	the interest on Term Loan A is paid according to the Interest Period of CB Series 12. At each quarterly payment date, the Base Interest is paid on Term Loan A.

H.6 — Operating rights of the transferee Company

The operating powers of BPM CB (as transferee) are limited by the Articles of Association. In particular, Art. 4 states:

"The sole purpose of BPM CB is the execution of one or more issue transactions (these being understood as both individual issues and issue programmes) of covered bonds, carried out pursuant to Art. 7-bis of Italian Law No. 130 of 30 April 1999 ("Law 130/99") and the corresponding implementing provisions, through the acquisition against payment of mortgages on land and property, loans to public administrations or guaranteed by these, individually or as a pool, and notes issued as part of securitisations on loans of the same nature, by taking out loans granted or guaranteed by the originators or other banks and providing guarantees for the bonds issued by these, or by other banks.

In compliance with the aforementioned legal provisions, receivables and notes acquired by BPM CB and the amounts paid to the related borrowers are used to satisfy the rights – also under the terms of Art. 1180 of the Italian Civil Code – of covered bondholders pursuant to Art. 7-bis, paragraph 1, Law 130/99, to the benefit of which the Company has given guarantees, of the counterparties in derivative contracts arranged to hedge implicit risks in the receivables and notes acquired and related contracts, and the payment of other transaction costs, with priority over the repayment of loans referred to in Art. 7-bis, paragraph 1, Law 130/99.

In accordance with the provisions of Law 130/99, the receivables and notes acquired by BPM CB constitute segregated assets which to all effects and purposes are separate to those of the Company or relating to other transactions or issue programmes, on which no action is allowed by creditors other than holders of the covered bonds issued and other creditors as referred to in the previous sentence.

Within the limits allowed from the provisions of Law 130/99, BPM CB may carry out the accessory transactions necessary for the provision of guarantees and the successful execution of the issue of covered bonds in which it takes part, or in any case instrumental to the achievement of its business purpose. It may also reinvest in other financial assets, in compliance with laws and regulations, the funds deriving from the management of the loans and notes acquired, if these are not immediately used to meet the rights of the holders of the covered bonds.

QUANTITATIVE INFORMATION

H.7 — Cash flows relating to the loans

INITIAL SITUATION AT TRANSFER	3,760,597,343
INCREASES	
- Subsequent tranche transfers	7,762,683,075
- Default interest	-
- Interest to be collected	20,290,250
DECREASES	
- Repurchase of loans	335,535,216
- Write-downs of loans for default interest	-
- Decrease in loans	6,238,057,116
- Decrease for losses on loans and write-downs	297,223,315
FINAL SITUATION AS AT 31/12/2022	4,672,755,021
INCREASES	

- Subsequent tranche transfers	3,708,833,878
- Default Interest and Expenses	-
- Increase in interest to be collected	-
Total Increases	3,708,833,878
DECREASES	
- Decrease in Principal	849,342,360
- Write-downs of loans for default interest	-
- Decrease in interest to be collected	15,964,248
- Decrease in repurchase of loans	31,959,069
Total Decreases	897,265,677
SITUATION AS AT 31/12/2023 (gross value)	7,484,323,222
Write-downs/write-backs on loans as at 31/12/2023	(8,515,439)
FINAL SITUATION AS AT 31/12/2023	7,475,807,783

H.8 — Changes in past due loans

The loans, all performing at the time of purchase, were classified into their relevant categories. The Servicer handles the recovery of past due loans on the basis of policies specified in the special Servicing contract. In order to highlight the prospects for recovery of the past due loans, with reference to the date of this statement the Servicer arranged the analysis and assessment of the loans in question, and after appropriate write-downs these are recorded at their estimated realisable value.

The table below summarises the non-performing loans as indicated in the accounting records and IT system of the Servicers, which include bad, unlikely-to-pay and non-performing past due loans net of related provisions for write-downs. For further details, please refer to section “H.2 — Description and performance of the transaction”.

Total non-performing loans

Originator BANCO BPM	Non-performing loans as at 31/12/2023	% Non-performing loans as at 31/12/2023	Non-performing loans as at 31/12/2022	% Non-performing loans as at 31/12/2022
Bad loans	819,813	1.46%	1,238,038	1.94%
Unlikely-to-pay loans	51,781,716	92.41%	60,929,089	92.17%
Non-performing past due loans	3,433,255	6.13%	3,891,093	5.89%
Total non-performing loans	56,034,784	100.00%	66,103,220	100.00%

H.9 — Cash flows

LIQUIDITY AS AT 31/12/2022	1,154,042,646
INCREASES IN LIQUIDITY	
Collections of Principal	845,449,957
Collections of Interest	187,578,080
Repurchase of Securitised Loans	13,068,917
Fee and commission income	1,433,203
Positive spread on Liability Swaps	-
Positive spread on Asset Swaps	-
Subordinated Loan	3,686,758,128
Repurchase of NPLs	16,127,005
Contingent assets	444
Increase in payables	552
Decrease in receivables	-
TOTAL INCREASES	4,750,416,286
USES OF LIQUIDITY	
Purchase of Securitised Loans	3,686,758,128
Subordinated Loan	1,450,000,000
Interest expenses on subordinated loan/collateral	-
Interest on subordinated loan A/B PREMIUM	25,505,267
Interest on subordinated loan A/B INTEREST	149,085,955

Fee and commission expenses	1,985,790
Legal, professional and other expenses	35
Negative spread on Liability Swaps	-
Negative spread on Asset Swaps	-
Contingent liabilities	-
Increase in receivables	327
Decrease in payables	-
TOTAL USES OF LIQUIDITY	5,313,335,502
LIQUIDITY AS AT 31/12/2023	591,123,430

The transaction, launched in June 2008, is performing as expected.

In 2023, the mortgage loan portfolio generated collections for a total of Euro 1,034,461,240, of which Euro 845,449,957 as principal and Euro 189,011,283 as interest. In particular, collections on the portfolio made from 1 January 2023 to 31 December 2023, as per Servicer Reports, break down as follows: (i) Euro 1,034,395,191 collections on performing securitised loans of which Euro 845,383,908 as principal, Euro 187,439,611 as interest, Euro 139,423 as default interest and Euro 1,432,249 relating to penalties and (ii) Euro 66,049 collections on securitised bad loans (principal recoveries).

In addition to these collections on the portfolio, during 2023, for the repurchase, as a pool, by Banco BPM of bad loans, together with other non-performing positions, and of loans no longer classifiable as “eligible”, a total of Euro 10,987,224 was collected in May 2023 and Euro 17,526,387 in December 2023. In addition, in August 2023, the SPV collected Euro 682,311 for the repurchase of some other positions.

H.10 — Situation of the guarantees and liquidity lines

Guarantees given

In compliance with Art. 7-bis, paragraph 1, Law 130/99, as subsequently amended and supplemented, to guarantee redemption of the CBs in the event that Banco BPM as Issuer is unable to meet its payment obligations, the Company has issued an independent, irrevocable and unconditional guarantee enforceable on demand in favour of CB holders and with limited recourse to assets recorded as segregated (“CB Guarantee”). The amount covered is equal to the total interest and principal that must be paid to investors in the individual CB series, plus costs payable to third-party transaction counterparties. In accordance with the CB Guarantee, upon the occurrence of an Issuer’s default event and upon receipt by the Company of the compulsory notice issued by the representative of Covered Bondholders, in compliance with the Intercreditor Agreement, the Company will arrange to comply with Issuer obligations to the CB holders according to the terms and conditions originally agreed, to the extent of the segregated assets. The main default scenarios, qualifying as Issuer Default Events under the terms of the Programme and leading to enforcement of the guarantee given by the Company, are as follows:

- failure to pay interest or repay principal on the CBs for a predetermined period of time (14 days for interest and 7 days for principal);
- failure to comply with essential obligations that are not remedied within the 30 days thereafter;
- infringement of portfolio tests and failure to remedy shortcomings by Banco BPM or the Originators by the next calculation date after issue of the notice of infringement of the tests;
- Issuer’s (i.e. Banco BPM) insolvency or admission to arrangements with creditors proceedings or payment suspension order issued pursuant to Art. 74 of the Consolidated Banking Act. In this respect, note that the risk associated with partial or total failure to collect the cover pool assets included among the segregated assets is transferred to the Originators, which provided the Company with the subordinated loans used to fully finance the transfer.

Liquidity lines

No liquidity lines have been made available to the Company. Note that as part of the transaction, current accounts were opened with Banco BPM in the name of the Company for inflows of the principal and interest payments made by borrowers of the loans transferred. Banco BPM acts as Interim Account Bank (custodian of the Company’s accounts) and is required to promptly and accurately transfer funds credited to the SPV interim current account (or “Collection Account”) opened in the name of the SPV with Banco BPM, to the

current accounts in the name of the same Company also opened with Banco BPM, which therefore acts as the Transaction Account Bank.

H.11 — Distribution by residual life

The securitised assets as at 31 December 2023, classified according to their residual life, were as follows:

Loans	Amount
Up to 3 months	1,507,075
From 3 months to 1 year	17,610,289
From 1 year to 5 years	434,775,006
Over 5 years	7,021,095,600
Unlimited duration (*)	819,813
Total	7,475,807,783

(*) This amount refers to the value of bad loans, net of provisions for write-downs.

H.12 — Distribution by territory

All notes were denominated in Euro and all borrowers are resident in Italy.

H.13 — Risk concentration

Loan size	No. of positions as at 31/12/2023	Amount as at 31/12/2023	% Portfolio
From 0 to 25,000	12,240	160,303,583	2.14%
From 25,001 to 75,000	29,204	1,457,567,196	19.50%
From 75,001 to 250,000	34,517	4,361,913,538	58.35%
Over 250,000	3,078	1,495,203,653	20.01%
Total	79,039	7,474,987,970	100.00%

The amounts indicated refer to total loans (including accruals) and do not include bad loans. As envisaged in the agreement, there are no loans with an amount of more than 2% of the loan portfolio.

Section 3 — INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Introduction

The Covered Bond activity is regulated by the joint provisions of Art. 7-*bis* and Art. 4 of Italian Law No. 130 of 30 April 1999 (the “Covered Bond Law”), as subsequently amended and supplemented, Art. 58 of the Consolidated Banking Law and Art. 13 of Italian Legislative Decree No. 196 of 30 June 2003 (“Privacy Code”) and by specific private agreements, as explained in detail above. The residual risk and the benefits of the transaction in question pertain to the Originator, Banco BPM.

3.1 CREDIT RISK

QUALITATIVE INFORMATION

1. GENERAL ASPECTS

(i) Ordinary Operations

The Company is not exposed to credit risk in that it only has amount “Due from banks” from current account deposits totalling Euro 10,000.

(ii) Segregated Assets

In a Covered Bond structure, credit risk is attributable to the quality of the loans transferred by each Originator as part of the cover pool and each Originator, now Banco BPM, maintains the risks and benefits associated with the transferred portfolio.

In relation to the risk associated with collection of the loans, this risk is mitigated by the structure of the transaction, which envisages protection by means of overcollateralization and the mechanism of replacing any non-performing assets in the cover pool.

In the context of the COVID-19 pandemic, firstly, and subsequently of the Russia-Ukraine conflict and of the conflict in the Middle East, both currently ongoing, there are no elements to report in terms of risk measurement and control of the risks deriving from the above-cited crises, both with reference to ordinary operations and to segregated assets, taking into account the nature of the items presented in the Company's Balance Sheet, the structure of the programme and the activities of the individual operators involved in the transaction.

QUANTITATIVE INFORMATION

(i) Ordinary Operations

6. Loan exposures to customers, banks and financial companies

6.1 Loan and off-balance-sheet exposures to banks and financial companies: gross and net values

Type of exposure/value	Gross Exposure				Total value adjustments and total provisions				Net exposure	Total partial write-offs *
	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired	First stage	Second stage	Third stage	Purchased or Originated Credit Impaired		
A. On-balance-sheet loan exposures										
A.1 On demand										
a) Non-performing	X				X					
b) Performing	10,000		X				X		10,000	
A.1 Other										
a) Bad loans	X				X					
- of which: exposures with forbearance	X				X					
b) Unlikely-to-pay loans	X				X					
- of which: exposures with forbearance	X				X					
c) Non-performing past due exposures	X				X					
- of which: exposures with forbearance	X				X					
d) Performing past due exposures			X				X			
- of which: exposures with forbearance			X				X			
e) Other performing exposures			X				X			
- of which: exposures with forbearance			X				X			
TOTAL (A)	10,000								10,000	
B. Off-balance-sheet loan exposures										
a) Non-performing	X				X					
b) Performing			X				X			
TOTAL (B)										
TOTAL (A+B)	10,000								10,000	

* Value to be shown for disclosure purposes

3.2 MARKET RISKS

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. GENERAL ASPECTS

(i) Ordinary Operations

The Company is not exposed to interest rate risk in that it only has amount “Due from banks” for current account deposits totalling Euro 10,000.

There was no impact from the Russia-Ukraine conflict and the recent conflict in the Middle East.

(ii) Segregated Assets

In the CB issue structure at Group level, interest rate risk is associated with the presence of a fixed or floating rate CB issue against a loan portfolio as guarantee with different types of interest rate. For the SPV, interest rate risk could arise if the Issuer is no longer able to meet its commitments deriving from the CB issue. In that case, the Company will arrange to comply with Issuer obligations to the CB holders, to the limits of the segregated assets, according to the terms and conditions originally agreed, guaranteeing that subscribers’ asset-related rights will in any event be satisfied (see paragraph H.10 Guarantees given).

Note that the regulations on Covered Bonds (CBs) envisage that the integrity of the guarantee is ensured throughout the life of the CB and, for this purpose the Programme structure involves a series of portfolio tests to guarantee that, where necessary, the Company is able to pay the interest and principal on CBs issued.

There are no impacts deriving from the Russia-Ukraine conflict and the recent conflict in the Middle East.

QUANTITATIVE INFORMATION

(i) Ordinary Operations

1. Distribution by residual maturity (repricing date) of financial assets and liabilities

Item/residual life	On demand	Up to 3 months	More than 3 months and up to 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	Over 10 years	Unlimited duration
1. Assets								
1.1 Debt notes								
1.2 Loans	10,000							
1.3 Other assets		49,995						
2. Liabilities								
2.1 Payables								
2.2 Debt notes								
2.3 Other liabilities		50,003						
3. Financial derivatives								
Options								
3.1 Long positions								
3.2 Short positions								
Other derivatives								
3.3 Long positions								
3.4 Short positions								

3.2.2 PRICE RISK

The section has not been compiled as there are no such risk positions.

3.2.3 EXCHANGE RATE RISK

The table has not been compiled as there are no such risk positions.

3.3 OPERATIONAL RISKS

Due to the specific characteristics of the activity performed, the Company is not exposed to operational risk. The management of the segregated assets is delegated to Banco BPM, which is therefore liable to the Company for the regular and timely performance of the operating activity.

Operational risk is the risk of losses deriving from inadequacy or malfunction of procedures, human resources, internal systems or external events. The Company's ability to meet its operations-related obligations depends solely on third parties to which activities typical of an organisational structure and internal control systems have been outsourced. Due to its nature, in fact, the Company has no employees.

The main elements of operational risk associated with the Covered Bond transaction are:

- malfunction of calculation procedures for the mandatory tests and Asset Coverage Test;
- failure to transfer funds to the SPV's current accounts;
- the risk inherent in failure to constantly use reliable quality measurement models for the asset portfolio covered. The Company has implemented internal control procedures and mechanisms to mitigate these risks.

In the context of the crisis, due, firstly, to the COVID-19 pandemic and, subsequently, to the Russia-Ukraine conflict and the recent conflict in the Middle East, both currently ongoing, the Servicer Banco BPM and other service providers, to which the characteristic functions of an organisational structure are assigned, as well as the internal control systems, have ensured the regular and timely execution of their activities, in compliance with their contractual obligations. There are no impacts deriving from the Russia-Ukraine conflict and the recent conflict in the Middle East.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

(i) Ordinary Operations

The Company obtains its funds from the segregated assets as envisaged under contract and according to the priorities of the payment waterfall.

There was no impact on ordinary operations, in terms of liquidity risk, resulting from the Russia-Ukraine conflict or the recent conflict in the Middle East.

(ii) Segregated Assets

Liquidity risk is associated with the potential loss, in terms of the sale price of assets/liabilities, deriving from the need to quickly liquidate positions if unexpected financial needs should arise. Current regulations and the financial structure of the transaction envisage action to mitigate such risk. The presence of bullet CB issues against a cover pool of mortgages with a specific repayment plan requires dynamic management of the actual cover pool. Funds from the principal instalments collected on the cover pool loans, in fact, have to be reinvested in new loans with similar characteristics. The current regulations on Covered Bonds prohibit the SPV from holding cash and cash equivalents or additional assets of a value greater than 15% of the nominal value of the portfolio. Therefore, in the event of Issuing Bank default, the SPV would be forced to sell the cover pool on the market as the proceeds from the portfolio could be insufficient to satisfy the requirement of prompt payment of principal and interest on the Covered Bond. The main elements to mitigate such risk are a high quality portfolio, a strong level of overcollateralization, a hedging structure that immunises the SPV against interest rate risk and the type of CBs involved (soft bullet rather than hard bullet maturity).

There was no impact in terms of liquidity risk, resulting from the Russia-Ukraine conflict or the recent conflict in the Middle East.

QUANTITATIVE INFORMATION

(i) Ordinary Operations

1. Distribution of financial assets and liabilities by residual duration of the contracts

Item/residual life	On demand	More than 1 day and up to 7 days	More than 7 days and up to 15 days	More than 15 days and up to 1 month	More than 1 month and up to 3 months	More than 3 months and up to 6 months	More than 6 months and up to 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	Over 5 years	Unlimited duration
Cash assets											
A.1 Government notes											
A.2 Other debt notes											
A.3 Loans											
A.4 Other assets	10,000			49,995							
Cash liabilities											
B.1 Amounts due to:											
- Banks											
- Financial companies											
- Customers				50,003							
B.2 Debt notes											
B.3 Other liabilities											
“Off-balance sheet” transactions											
C.1 Financial derivatives with											
exchange of capital											
- Long positions											
- Short positions											
C.2 Financial derivatives without											
exchange of capital											
- Positive spreads											
- Negative spreads											
C.3 Loans to be received											
- Long positions											
- Short positions											
C.4 Irrevocable commitments to disburse funds											
- Long positions											
- Short positions											
C.5 Financial guarantees given											
C.6 Financial guarantees received											

Section 4 — INFORMATION ON EQUITY

4.1 COMPANY EQUITY

4.1.1 Qualitative information

Company equity is represented exclusively by the Company’s quota capital, fully paid in, which as at 31 December 2023 is equal to Euro 10,000. The quota capital is split into quotas of the nominal value of one Euro or multiples of Euro and held as follows:

- Euro 8,000, equal to 80%, by Banco BPM, Società per Azioni with registered office in Milan (Italy), 20121, Piazza Filippo Meda 4;
- Euro 2,000, equal to 20%, by the foundation set up under Dutch law “STICHTING HORIZONBURG” with registered office in Amsterdam (Netherlands), 1101 BA Hoogoorddreef 15.

4.1.2 Quantitative information**4.1.2.1 Company equity: breakdown**

Item/Amount	31/12/2023	31/12/2022
1. Capital	10,000	10,000
2. Quota premium reserve		
3. Reserves		
- of profits	-	(33)
a) legal	2	
b) statutory		
c) own shares		
d) other	(2)	(33)
- other		
4. (Own shares)		
5. Valuation reserves		
- Equity notes designated at fair value through other comprehensive income		
- Hedges of equity notes designated at fair value through other comprehensive income		
- Financial assets (other than equity notes) designated at fair value through other comprehensive income		
- Tangible assets		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Hedging instruments (non-designated items)		
- Exchange rate differences		
- Non-current assets and disposal groups held for sale		
- Financial liabilities designated at fair value through profit or loss (changes to credit risk)		
- Special revaluation laws		
- Actuarial gains (losses) on defined benefit plans		
- Share of valuation reserves related to investments carried at equity		
6. Equity instruments		
7. Net profit (loss) for the year	-	33
Total	10,000	10,000

4.2 Own funds and capital ratios

The Company is not subject to external minimum mandatory capital requirements or special regulations on regulatory capital.

Section 5 — ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

	Item	31/12/2023	31/12/2022
10.	Net profit (loss) for the year	-	33
190.	Total other comprehensive income	-	-
200.	Comprehensive income (Items 10 + 190)	-	33

On the basis of that reported in the Statement of Comprehensive Income, the Company's profit/loss coincides with its overall profitability. Note that items with a zero value as at 31 December 2023 are not indicated among items in the table.

Section 6 – TRANSACTIONS WITH RELATED PARTIES

With regard to the rules for the application of the concept of related party, pursuant to IAS 24, some terms, which are useful to identify the related parties for Banco BPM and for each subsidiary of Banco BPM Group, are defined below:

- "Banco BPM" or "Parent Company": means the Parent Company Banco BPM S.p.A.;

- "**Subsidiary Entities**": the subsidiaries of Banco BPM controlled directly and indirectly, and included in line-by-line consolidation, pursuant to accounting standard IFRS 10. This regards, in particular, the scope indicated in the table entitled "Equity investments in exclusively controlled companies" contained in the Notes to the Consolidated Financial Statements in Section 3 — Scope of consolidation and methods contained in "Part A – Accounting Policies";

"**Entities subject to Significant Influence**": the companies over which Banco BPM or the Subsidiary Entities exercise significant influence, pursuant to IAS 28. In particular, these are the "Companies subject to significant influence" indicated in Section 10 "Equity investments" in the Notes to the Consolidated Financial Statements, in "Part B — Assets";

"**Entities subject to Joint Control**": the companies over which Banco BPM or the Subsidiary Entities exercise joint control, pursuant to accounting standard IFRS 11. In particular, these are the "Companies subject to joint control" indicated in Section 10 "Equity investments" in the Notes to the Consolidated Financial Statements, in "Part B — Assets";

- "**Banco BPM Group**": the group represented by the Parent Company and the Subsidiary Entities.

Some guidelines are provided below to identify the scope of related parties pursuant to IAS 24, para. 9:

A) Parent entities (also indirect), subsidiaries, subject to significant influence and to joint control:

- the parent company Banco BPM;
- the Subsidiary Entities;
- the Entities subject to Significant Influence and any subsidiaries of the same;
- the Entities subject to Joint Control and any subsidiaries of the same.

B) Executives with strategic responsibilities:

- the members of the Board Of Directors of Banco BPM and of its Subsidiary Entities;
- the standing auditors of the Board of Statutory Auditors of Banco BPM and of its Subsidiary Entities;
- the General Manager and the Joint General Managers of Banco BPM and of its Subsidiary Entities;
- the top operational and executive management of Banco BPM, as identified by a specific board appointment;
- where not included in top operational and executive management, the Financial Reporting Manager, the Compliance Manager, the Risk Manager and the Internal Audit Manager of Banco BPM;
- the Managers of other departments that may be identified by the Board of Directors of Banco BPM;
- any extraordinary receivers of Subsidiary Entities.

6.1 Information on remuneration of executives with strategic responsibilities

The remuneration due to the Directors, recognised on an accrual basis in these Financial Statements, was equal to Euro 6,000 and was fully paid. The applicable social security contributions, equal to Euro 960, were also duly paid.

6.2 Loans and guarantees given to Directors and Statutory Auditors

Neither loans nor guarantees were given by the Company to directors.

6.3 Information on transactions with related parties

BPM CB is subject to direction and coordination of the Parent Company, Banco BPM.

The relations with Banco BPM fall into the normal operations of the Company and are mainly relations of a financial, managerial and administrative nature related to the servicing activity carried out. Following the merger with Banco Popolare, the relations with the Parent Company (former BPM Scarl) have been redefined pursuant to the Master Amendment and Restatement Agreement between the company resulting from the merger, Banco BPM, and Banca Popolare di Milano S.p.A. In particular, it was decided that Banca Popolare di Milano S.p.A. would perform all tasks concerning the management and collection of the loans transferred to the Company, as well as to the transfer of new loans to be introduced in the structure and the corresponding funding activities.

The other roles previously carried out by BPM Scarl and not included in the assignment (Issuer, Calculation Agent, Investment Manager and Account Bank) have been assigned to Banco BPM. Following the merger by incorporation on 26 November 2018, all roles held by BPM S.p.A. were taken over by Banco BPM. Effective from 1 July 2021, administrative, accounting and tax-related activities are assigned to Banco BPM.

The agreements in place as at 31 December 2023 with the Parent Company are the following:

- (a) "Master Servicing Agreement" with which BPM CB has appointed, respectively, Banco BPM as Master Servicer of the transaction for the management of the amounts collected for the residential and

commercial mortgage loans included in the Initial portfolio and the subsequent portfolios, and BPM S.p.A. as Sub-Servicer for the services of cash collection and distribution, recognising them a commission for the supply of these services. Following the incorporation, Banco BPM was assigned all activities envisaged by said contract. The amounts of servicing fees to Banco BPM as at 31 December 2023 for these activities are shown in the following table:

- Due to the Servicer as servicing fees Euro 483,820
- Cost of servicing fees Euro 1,866,977.

- (b) "Subordinated Loan Agreement", with which BPM S.p.A. (now Banco BPM) first, and later Banco BPM, with the transfer of the Banco BPM First Portfolio, granted the Company a loan, to meet, among other things, the cost of the acquisition of the mortgage loans transferred each time according to the provisions of the Master Receivables Purchase Agreement;
- (c) "Warranty and Indemnity Agreement", with which BPM CB has provided a guarantee known as "first request", irrevocable and unconditional, in favour of the holders of the Covered Bonds. This guarantee has as collateral the portfolio of performing residential and commercial mortgage loans, consisting of Eligible Assets and Substitution Assets, according to the provisions of Law 130/99 and the provisions issued by the Bank of Italy on 17 May 2007 (as subsequently amended and supplemented), originated by Banco BPM;
- (d) "Administrative Services Agreement" through which Banco BPM, from 1 July 2021, performs the Company's accounting, administrative and tax-related activities.

The cost of the administrative services to Banco BPM as at 31 December 2023 for these activities are shown in the following table:

- Payables for administrative services Euro 3,750
- Cost of administrative services Euro 15,000

Section 8 — OTHER INFORMATION

8.1 Average number of employees by category

The Company has no employees. Corporate affairs are outsourced to an external company.

8.2 Fees of Independent Auditors

Pursuant to the provisions of Art. 2.427, para. 16-bis of Italian Civil Code, the table below reports the information regarding the fees of the Independent Auditors PricewaterhouseCoopers S.p.A. as per the related proposal (net of VAT, ISTAT adjustment, supervisory contribution and reimbursements of expenses):

Amounts in Euro

Type of service	PricewaterhouseCoopers S.p.A.
Independent audit	52,900
Certification services	1,600
Other services	-
TOTAL	54,500

Disclosure pursuant to Art. 2497-bis of the Italian Civil Code

As of 1 January 2017, the management and coordination of BPM Covered Bond S.r.l. is carried out by Banco BPM S.p.A., with registered office in Milan, at Piazza F. Meda 4, the banking company formed as a "società per azioni", created following the merger operation between Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c.a r.l.

In accordance with Art. 2497 bis of the Italian Civil Code, we provide below a summary of the key data published in the latest financial statements approved by Banco BPM S.p.A., which exercises management and coordination.

For an appropriate and full understanding of the equity and financial position of Banco BPM S.p.A. as at 31 December 2022, as well as of the financial result achieved by the company in the period ended at said date, please refer to the financial statements, which, accompanied by the independent auditors' report, are available in the ways and forms provided for by the law.

Summary data for the Parent Company

The summary data and key indicators for Banco BPM S.p.A., calculated based on the reclassified accounting statements, are provided below.

<i>(in Euro million)</i>	2022	2021 Restated (*)	% Change
Income statement figures			
Financial margin	2,425.6	2,046.8	18.5%
Net fee and commission income	1,756.1	1,774.6	(1.0%)
Operating income	4,417.2	4,059.6	8.8%
Operating expenses	(2,325.8)	(2,317.3)	0.4%
Profit (loss) from operations	2,091.4	1,742.3	20.0%
Profit (loss) before tax from continuing operations	1,088.0	693.0	57.0%
Profit (loss) after tax from continuing operations	523.6	364.4	43.7%

(*) The figures for the previous year have been restated to reflect the effects of the merger by incorporation of Bipielle Real Estate S.p.A. and Release S.p.A. into Banco BPM S.p.A. with accounting and tax effects from 1 January 2022.

<i>(in Euro million)</i>	31/12/2022	31/12/2021 Restated (*)	% Change
Balance Sheet figures			
Total assets	180,289.9	196,164.3	(8.1%)
Loans to customers (net)	107,356.1	107,209.8	0.1%
Financial assets and hedging derivatives	40,552.7	33,409.6	21.4%
Shareholders' equity	12,576.4	12,865.7	(2.2%)
Customers' financial assets			
Direct funding	118,900.0	119,170.5	(0.2%)
Direct funding without repurchase agreements with certificates	120,706.4	120,426.7	0.2%
Indirect funding	79,696.7	85,598.2	(6.9%)
Indirect funding without protected capital certificates	76,190.8	82,632.4	(7.8%)
- Assets under management	49,271.3	53,842.5	(8.5%)
- Mutual funds and SICAVs	34,993.8	39,661.7	(11.8%)
- Securities and fund management	608.6	659.9	(7.8%)
- Insurance policies	13,668.8	13,520.9	1.1%
- Assets under administration	30,425.4	31,755.7	(4.2%)
- Assets under administration without protected capital certificates	26,919.5	28,789.9	(6.5%)

(*) The figures for the previous year have been restated to reflect the effects of the merger by incorporation of Bipielle Real Estate S.p.A. and Release S.p.A. into Banco BPM S.p.A. with accounting and tax effects from 1 January 2022.

	31/12/2022	31/12/2021	Absolute change
Information on the organisation			
Average number of employees and other staff (*)	18,421	19,022	(601)
Number of bank branches	1,451	1,452	(1)

(*) Weighted average of the personnel calculated on a monthly basis in terms of full time equivalents. Does not include Directors and Statutory Auditors of the Company.

These financial statements are a truthful and correct representation of the equity and financial position of the Company, as well as the economic result of the year.

Rome, 6 February 2024

BPM Covered Bond S.r.l.
The Chairman of the Board of Directors
Angelo Zanzi



BPM COVERED BOND SRL

**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE
NO. 39 OF 27 JANUARY 2010**

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the quotaholders of BPM Covered Bond Srl

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BPM Covered Bond Srl (the Company), which comprise balance sheet as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in quotaholders' equity, cash flow statement for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to "section 2 – general preparation principles" of the notes to the financial statements where the Directors state that the Company's sole business is purchasing receivables and securities, through borrowings, pursuant to Law No. 130 of 30 April 1999, as part of issues of covered bonds. As illustrated by the Directors, the Company has disclosed the financial assets and other transactions performed as part of the transactions mentioned above in the notes to the financial statements in accordance with Law No. 130/99 and the regulations previously in force issued by Banca d'Italia under which the receivables and securities relating to each transaction are segregated to all intents and purposes from the Company's assets and from those relating to other transactions. Our opinion is not qualified for this matter.

PricewaterhouseCoopers SpA

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Other matters

The Company, as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of BPM Covered Bond Srl does not extend to those figures.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of



accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The Directors of BPM Covered Bond Srl are responsible for preparing a report on operations of BPM Covered Bond Srl as of 31 December 2023, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N° 720B in order to express an opinion on the consistency of the report on operations with the financial statements of BPM Covered Bond Srl as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of BPM Covered Bond Srl as of 31 December 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 12 March 2024

PricewaterhouseCoopers SpA

Signed by

Corrado Aprico
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers