FIRST SUPPLEMENT DATED 12 JANUARY 2024 TO THE BASE PROSPECTUS DATED 9 OCTOBER 2023

CA Auto Bank S.p.A.
(*incorporated with limited liability in the Republic of Italy*)

acting through

CA Auto Bank S.p.A., Irish Branch

€12,000,000,000
Euro Medium Term Note Programme

This first Supplement (the **Supplement**) to the Base Prospectus dated 9 October 2023 (the **Base Prospectus**) which comprises a base prospectus for the purposes of the Prospectus Regulation constitutes a supplement to the prospectus for the purposes of Article 23 of the Prospectus Regulation and is prepared in connection with the Euro Medium Term Note Programme (the **Programme**) established by CA Auto Bank S.p.A., acting through its Irish branch (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Notes.

Purpose of the Supplement

The purpose of this Supplement is to (i) update the "*Important Information*" section of the Base Prospectus; (ii) update the "*Risk Factors*" section of the Base Prospectus; (iii) update the "*Documents Incorporated by Reference*" section of the Base Prospectus; (iv) update the "*Applicable Final Terms*" section of the Base Prospectus; (v) update the paragraph "*11. Recent Developments*" in the "*Description of CA Auto Bank*" section of the Base Prospectus; (vi) update the "*Regulatory Aspects*" section of the Base Prospectus; and (vii) update the paragraph "*Singapore*" in the "*Subscription and sale*" section of the Base Prospectus.

UPDATE OF THE "*IMPORTANT INFORMATION*" SECTION OF THE BASE PROSPECTUS

On page 6 of the Base Prospectus, the fifteenth paragraph entitled "*Notification under Section 309B(1)(c) of the Securities and Futures 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the SFA)*" of the section headed "*Important Information*" is hereby amended as set out below:

"**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE –** With respect to each issuance of Notes, the Issuer may make a determination about the classification of such Notes (or beneficial interests therein) for purposes of Section 309B(1)(a) of the Securities and Futures Act 2001 of Singapore (as amended or modified from time to time, the **SFA**). The Final Terms in respect of any Notes may include a legend titled "Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore" that will state the product classification of the applicable Notes (and, if applicable, beneficial interests therein) pursuant to Section 309B(1) of the SFA; *however*, unless otherwise stated in the applicable Final Terms, all Notes (or beneficial interests therein) shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included in the applicable Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA."

UPDATE OF THE "*RISK FACTORS*" SECTION OF THE BASE PROSPECTUS

- On pages 23-24 of the Base Prospectus, the risk factor headed "*Risk related to changes to the credit institution framework*" in the sub-section entitled "*Risks related to changes to the existing regulatory framework*" of the "*Risk Factors*" section of the Base Prospectus is hereby amended as set out below:

"**Risk related to changes to the credit institution framework**

Banks are subject to the Basel III regulations, which relate to capital and liquidity requirements with the goal of promoting a more resilient banking sector in the event of a crisis, implemented in the European Union through the Capital Requirements Directive package.

As at the date of this Base Prospectus, banks must meet the own funds requirements provided by article 92 of (EU) Regulation 575/2013 of the European Parliament and European Council of 26 June 2013 concerning prudential requirements for credit institutions and investment firms, as subsequently amended, (the **CRR**): (i) the Common Equity Tier 1 Ratio must be equal to at least 4.5 per cent. of the total risk exposure amount of the bank; (ii) the Tier 1 Ratio must be equal to at least 6 per cent. of the total risk exposure amount of the bank; (iii) the Total Capital Ratio must be equal to at least 8 per cent. of the total risk exposure amount of the bank; and (iv) the Leverage Ratio must be equal to at least 3 per cent. of the Tier 1 Ratio divided by the total exposures amount of the bank. In addition to the minimum regulatory requirements, banks must meet the Combined Buffer Requirement (as defined below) provided by EU Directive 2013/36 of the European Parliament and European Council in relation to credit institutions' activities, credit institutions' prudential supervision and investment undertakings, as subsequently amended, (the **CRD IV**).

In terms of banking and prudential regulation, CA Auto Bank is also subject to the BRRD, as subsequently amended, implemented by the BRRD Decrees (as defined below) as well as the relevant technical standards and guidelines from EU regulatory bodies (i.e. EBA) which, *inter alia*, provide MREL requirements for credit institutions, recovery and resolution mechanisms. Since the Issuer is not part of the Crédit Agricole Network as defined in Article R.512-18 of the French Monetary and Financial Code, it is not subject to an external MREL requirement under the BRRD and its debt instruments do not contribute to the Crédit Agricole Group MREL ratio.

For a description of the corporate structure of CA Auto Bank please see "*Description of CA Auto Bank"* of this Base Prospectus.

Should CA Auto Bank not be able to meet the capital requirements and/or MREL requirements imposed by the applicable laws and regulations, it may be required to maintain higher levels of capital, which could potentially impact the credit ratings, and funding conditions, which could limit CA Auto Bank's growth opportunities and profitability.

For a description of the CRD package applicable to the CA Auto Bank Group please see "*Regulatory Aspects - Basel III and the CRD IV Package*" of this Base Prospectus.

For a description of the BRRD package applicable to CA Auto Bank Group, please see "*Regulatory Aspects – The Bank Recovery and Resolution Directive*" of this Base Prospectus.

Furthermore, CA Auto Bank is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package (as defined below), as amended by the EU Banking Reform Package (as defined below), which will be impacted, on an on-going basis, by the Supervisory Review and Evaluation Process (SREP).

For a description of the Pillar 2 requirements applicable to the CA Auto Bank Group please see *"Regulatory Aspects - Capital Requirements"* of this Base Prospectus.

The CA Auto Bank Group's liquidity and long-term viability depends on many factors including its ability to successfully raise capital and secure appropriate financing. Should CA Auto Bank not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package (as amended by the EU Banking Reform Package), it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit CA Auto Bank's growth opportunities.

Depending on the outcomes of the legislative process underway in Europe, CA Auto Bank might be compelled to adapt to changes in the regulations (and in their construction and/or implementation procedures adopted by the supervisory authorities), with potential adverse effects on its assets, liabilities and financial situation. In particular, investors should consider that supervisory authorities may impose further requirements and/or parameters for the purpose of calculating capital adequacy requirements or may adopt interpretation approaches of the legislation governing prudential fund requirements unfavourable to CA Auto Bank, with consequent inability of CA Auto Bank to comply with the requirements imposed and with a potential negative impact, even material, on the business and capital, economic and financial conditions.

In light of that, CA Auto Bank has in place specific procedures and internal policies - in accordance with the regulatory frameworks defined by domestic and European supervisory authorities and consistent with the regulatory framework being implemented at the European Union level - to monitor, among other things, liquidity levels and capital adequacy. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect CA Auto Bank's results of operations, business and financial condition. As at the date of this Base Prospectus, the Bank of Italy's authority to introduce a systemic risk buffer and borrower based measures has recently been introduced into the Circular (as defined below) and there is uncertainty as to how (and if) the Italian regulator would exercise such authority. Moreover, although the European Parliament has recently reached a provisional agreement on the 2021 Banking Package (as defined below), as at the date of this Base Prospectus, there is still uncertainty as to adoption and implementation of this legislative proposal and in particular it is not yet clear how and to what extent the 2021 Banking Package may impact on CA Auto Bank's operations.

For a description of the EU Banking Reform Package applicable to the CA Auto Bank Group please see *"Regulatory Aspects - EU Banking Reform Package"* of this Base Prospectus.

In addition, on 18 April, 2023, the European Commission published a proposal for the further amendment of the BRRD, including, among other things, the amendment of the ranking of claims in insolvency to provide for a general depositor preference, pursuant to which the insolvency laws of Members States would be required by the BRRD to extend the legal preference of claims in respect of deposits relative to ordinary unsecured claims to all deposits. The implementation of this proposal is subject to further legislative procedures but if it is implemented in its current form, this would confirm the outcome currently applicable under Italian law, whereby the senior notes will rank junior to the claims of all depositors, including deposits of large corporates and other deposits.

Investors should also consider that it cannot be excluded that in the future CA Auto Bank may be required, in particular in light of external factors and unforeseeable events outside its control and/or after further requests by the supervisory authority, to implement capital enhancement interventions; there is also a risk that CA Auto Bank may not be able to achieve and/or maintain (both at individual and consolidated level) the minimum capital or MREL requirements provided for by the legislation in force from time to time or established from time to time by the supervisory authority in the times prescribed therein, with potential material negative impact on its business and capital, economic and financial condition.

In these circumstances, it cannot be excluded that CA Auto Bank may be subject to extraordinary actions and/or measures by competent authorities, which may include, inter alia, the application of the resolution tools as per the BRRD Decrees (as defined below). In particular, the impact of the resolution tools provided for by the BRRD Decrees on the rights of the Noteholders are further described in the section *"Regulatory Aspects"*. In this respect, please see *"Regulatory Aspects - The Bank Recovery and Resolution Directive" and see "Regulatory Aspects – Revision to the BRRD framework"* of this Base Prospectus."

- On page 34 of the Base Prospectus, the risk factor headed "Impact of the potential application of the bail-in tool" in the sub-section entitled "Risks related to Notes generally" of the "Risk Factors" section of the Base Prospectus is hereby amended as set out below:

"*Impact of the potential application of the bail-in tool*

Investors should be aware that the Notes may be subject to the application of the bail-in tool, which may adversely affect the market value of the Notes and/or result in the holders losing some or all of their investment. The exercise of the bail-in tool, or any other power under the BRRD, including any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Notes and/or the ability of the Issuer to satisfy its obligations under *inter alia* the Notes.

Moreover, since the Issuer is not part of the Crédit Agricole Network as defined in Article R.512-18 of the French Monetary and Financial Code, its senior preferred debt instruments do not rank *pari passu* with the senior preferred debt instruments issued by the Crédit Agricole Network members (including those issued by Crédit Agricole) and could be subject to the bail-in tool separately. Therefore, should the Issuer face losses and the resolution authority decide to exercise resolution tools and powers, the results deriving from the exercise of the write-down power and/or the conversion into equity of the Note would be borne by the Noteholders".

UPDATE OF THE "*APPLICABLE FINAL TERMS*" SECTION OF THE BASE PROSPECTUS

- On page 46 of the Base Prospectus, the sixth paragraph entitled "*Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the SFA)*" of the section headed "*Applicable Final Terms*" is hereby amended as set out below:

"**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE (AS AMENDED OR MODIFIED FROM TIME TO TIME, THE SFA) -** In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes [(and beneficial interests therein)] to be (a) capital markets products other than: prescribed capital markets products (as defined in the CMP Regulations 2018) and (b) Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]"

- On page 60 of the Base Prospectus, the following item is inserted after the item *"(vii) Prohibition of Sales to UK Retail Investors:*" in the paragraph entitled "*7. DISTRIBUTION*" of the Part B of the "*Applicable Final Terms"* section and the subsequent items are renumbered as appropriate:

(viii)	[Singapore Sales to Institutional Investors and Accredited Investors only:]	[Not Applicable/Applicable][2]

[1] Legend to be included on front of the Final Terms if the Notes (and, if applicable, beneficial interests therein): (a) do not constitute prescribed capital markets products as defined under the CMP Regulations 2018 and (b) will be offered in Singapore.

[2] Delete this line item where Notes are not offered into Singapore Include this line item where Notes are offered into Singapore. Indicate "Applicable" if Notes are offered to Institutional Investors and Accredited Investors in Singapore only. Indicate "Not Applicable" if Notes are also offered to investors other than Institutional Investors and Accredited Investors in Singapore.

DOCUMENTS INCORPORATED BY REFERENCE

On page 41 of the Base Prospectus, the letter (d) included into the first paragraph of the section headed "*Documents Incorporated by Reference*" is hereby amended as set out below:

"(d) the unaudited consolidated interim financial report of CA Auto Bank for the six months ended 30 June 2023, together with the auditors' limited review report thereon (which can be found on the following website: https://www.ca-autobank.com/en/investor-relations/statements-and-reports/), including the information set out therein at the following pages in particular:

UPDATE OF THE "*DESCRIPTION OF CA AUTO BANK*" SECTION OF THE BASE PROSPECTUS

On page 122 of the Base Prospectus, the following sub-paragraph is inserted at the end of the paragraph entitled "*11. Recent Developments*" in the "*Description of CA Auto Bank*" section:

"Following the completion of the CACF Share Purchase on 3 April 2023, CA Auto Bank issued in 2023 €450,000,000 senior non-preferred notes with a maturity of six years, callable after five, entirely subscribed by Crédit Agricole Consumer Finance. The transaction provides CA Auto Bank with an additional layer of bail-in eligible liabilities."

UPDATE OF THE "*REGULATORY ASPECTS*" OF THE BASE PROSPECTUS

- On pages 123-124 of the Base Prospectus, the paragraph entitled "*Basel III and the CRD IV Package*" of the section headed "*Regulatory Aspects*" is hereby amended as set out below:

"***Basel III and the CRD IV Package***

The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the **Basel Committee**) and are aimed at preserving their stability and solidity and limiting their risk exposure.

The Basel III framework has been implemented in the EU through Directive No. 2013/36/EU of the European Parliament and of the Council of the European Union of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as subsequently amended, (the **CRD IV Directive**) and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013 on prudential requirements for credit institutions and investment firms, as subsequently amended, (the **CRR** and together with the CRD IV Directive, the **CRD IV Package**), subsequently amended by Directive (EU) 2019/878 (**CRD V**) and Regulation (EU) 2019/876 (**CRR II** and together with the CRD V, the **CRD V Package**). The CRD IV, as amended by the CRD V, is commonly referred to as the **CRD** and the CRR, as amended by the CRR II, is commonly known as **CRR**.

National options and discretions under the CRD IV Package that were previously only exercised by national competent authorities, are now exercised by the Single Supervisory Mechanism (**SSM**) in a largely harmonised manner throughout the European banking union. In this respect, on 14 March 2016, the ECB adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options and discretions were exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result.

Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (as of 1 January 2014 the requirements are now almost fully effective although some minor transitional provisions provide for phase-in until 2024) but it is possible that in practice implementation under national laws be delayed. Additionally, it is possible that Member States may introduce certain provisions at an earlier date than that set out in the CRD V Package.

In Italy, the CRD IV Directive was implemented by Legislative Decree no. 72 of 12 May 2015, which entered into force on 27 June 2015 and introduced measures dealing with, *inter alia*, the following aspects of the CRD IV Directive:

(i) proposed acquirers of credit institutions' holdings, shareholders and members of the management body requirements (Articles 22, 23, and 91 of the CRD IV Directive);

(ii) competent authorities' powers to intervene in cases of crisis management (Articles 102 and 104 of the CRD IV Directive);

(iii) reporting of potential or actual breaches of national provisions (so called whistleblowing, (Article 71 of the CRD IV Directive); and

(iv) administrative penalties and measures (Articles 64 and 65 of the CRD IV Directive).

Moreover, the Bank of Italy published specific supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 (the **Circular**)) which came into force on

1 January 2014, implementing the CRD IV Package and then the CRD V Package, and setting out additional local prudential rules. The Circular has been constantly updated since coming into force, the last update being the 44th update published on 20 December 2023 aligning the domestic framework with the changes introduced at an European level as to the interest and credit spread risk arising from the banks' non-trading book. The CRD and the CRR are also supplemented in Italy by technical rules published through delegated regulations of the European Council and guidelines of the EBA.

As part of the CRD IV Package, certain transitional arrangements as implemented by the Circular have been gradually phased out.

The transitional arrangements which provide for the regulatory capital recognition of outstanding instruments which qualified as Tier 1 and Tier 2 capital instruments under the framework which the CRD IV Package replaced but which no longer meet the minimum criteria under the CRD IV Package have been gradually phased out."

- On pages 124-126 of the Base Prospectus, the paragraph entitled "*Capital Requirements*" of the section headed "*Regulatory Aspects*" is hereby amended as set out below:

"**Capital Requirements**

According to Article 92 of the CRR (as defined below), banks are required to comply with a minimum Common Equity Tier 1 (**CET1**) capital ratio of 4.5 per cent. of risk weighted assets, a minimum Tier 1 Capital ratio of 6 per cent. of risk weighted assets, a minimum Total Capital Ratio of 8 per cent. of risk weighted assets and a Leverage Ratio of 3 per cent.. These minimum ratios are complemented by capital buffers to be met with CET1 capital. As at 31 December 2023, these capital buffers were as follows:

- Capital conservation buffer: set at 2.5 per cent. of risk weighted assets and has applied to CA Auto Bank from 1 January 2019 (pursuant to Article 129 of the CRD V and Part I, Title II, Chapter I, Section II of the Circular);

- Counter-cyclical capital buffer: the counter-cyclical capital buffers are set by the relevant competent authority at between 0% - 2.5% of credit risk exposure towards counterparties in each of the home Member State, other Member State and third countries (but may be set higher than 2.5% where the competent authority considers that the conditions in the relevant Member State justify this) with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Articles 130 and 136 of the CRD IV and Part I, Title II, Chapter I, Section III of the Circular). As of 31 December 2022 the specific counter-cyclical capital rate of the CA Auto Bank Group amounted to 0.158 per cent.. With reference to the exposures towards Italian counterparties, the Bank of Italy has set, and decided to maintain, the rate equal to 0 per cent. for the first quarter of 2024;

- Capital buffers for global systemically important institutions (**G-SIIs**): set as an "additional loss absorbency" buffer varying depending on the sub-categories on which G-SIIs are divided into, according to specific indicators (size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity). The lowest sub-category shall be assigned a G- SII buffer of 1.0 and the buffer assigned to each sub-category shall increase in gradients of at least 0.5 per cent. of risk weighted assets. It was subject to phasing in from 1 January 2016 (Part I, Title II, Chapter I, Section IV, paragraph 1 of the Circular), and became fully effective on 1 January 2019; and

- Capital buffers for other systemically important institutions (**O-SIIs**): up to 3.0 per cent. of risk weighted assets as set by the relevant competent authority (and must be reviewed at least annually), to compensate for the higher risk that such banks represent to the domestic financial system (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV, paragraph 2 of the Circular).

CA Auto Bank is not currently included in the list of financial institutions of global systemic importance published on 27 November 2023 by the Financial Stability Board (**FSB**). The Bank of Italy has not included CA Auto Bank among the systemically important banks at a domestic level (O-SII) for the year 2024. However, the Crédit Agricole Group was designated as a G-SII since 2018.

In addition to the above listed capital buffers, under Article 133 of the CRD V, as implemented by Part I, Title II, Chapter 1, Section V of the Circular, the Bank of Italy may introduce a systemic risk buffer in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not covered by the other capital requirements set out in the CRD V Package, as amended by the CRD V Package. As at the date of this Base Prospectus, no resolution relating to the systemic risk buffer has been enacted by the Bank of Italy.

Failure to comply with the capital requirements described above (**Combined Buffer Requirement**) may trigger restrictions on distributions by reference to the so-called Maximum Distributable Amounts (**MDA**) and the need for the bank to adopt a capital conservation plan in respect of remedial actions (Articles 141 to 142 of the CRD V and Part I, Title II, Chapter I, Section VI of the Circular).

In addition, CA Auto Bank is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, as further amended by the CRD V Package, which will be impacted, on an on-going basis, by the Supervisory Review and Evaluation Process (**SREP**). The SREP is aimed at ensuring that institutions have adequate arrangements and strategies in place to maintain liquidity and capital, including in particular the amounts, types and distribution of internal capital commensurate to their risk profile, in order to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.

The quantum of any Pillar 2 requirement imposed on a bank, the type of capital which it must apply to meeting such capital requirements, and whether the Pillar 2 requirement is "stacked" below the capital buffers (i.e. the bank's capital resources must first be applied to meeting the Pillar 2 requirements in full before capital can be applied to meeting the capital buffers) or "stacked" above the capital buffers (i.e. the bank's capital resources can be applied to meeting the capital buffers in priority to the Pillar 2 requirement) may all impact a bank's ability to comply with the Combined Buffer Requirement.

In its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA has recognised a distinction between "Pillar 2 requirements" (stacked below the capital buffers) and "Pillar 2 capital guidance" (stacked above the capital buffers). With respect to Pillar 2 capital guidance, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider "setting capital guidance, above the combined buffer requirement". Competent authorities have remedial tools if an institution refuses to follow such guidance. The ECB published a set of "Frequently asked questions on the 2016 EU-wide stress test", confirming this distinction between Pillar 2 requirements and Pillar 2 capital guidance and noting that "Under the stacking order, banks facing losses will first fail to fulfil their Pillar 2 capital guidance. In case of further losses, they would next breach the combined buffers, then Pillar 2 requirements, and finally Pillar 1 requirements. The distinction between "Pillar 2 requirements" and "Pillar 2 capital guidance" has been codified by the CRD V. Whereas the former are mandatory requirements imposed by supervisors to address risks not covered or not sufficiently covered by Pillar 1 and buffer capital requirements, the latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the CRD V, only Pillar 2 requirements, and not Pillar 2 capital guidance, will be relevant in determining whether an institution is meeting its Combined Buffer Requirement.

Non-compliance with Pillar 2 capital guidance does not amount to a failure to comply with capital requirements, but should be considered as a "pre alarm warning" to be used in a bank's risk management process. If capital levels go below Pillar 2 capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the bank of the reasons of the failure to comply with the Pillar 2 capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements including capital strengthening requirements).

With update No. 39 of 13 July 2022, the Circular was amended in order to align its provisions with Articles 104 to 104c of the CRD IV Directive, as amended by the CRD V. In particular, the amendments introduced to Part I, Chapter 1, Title III of the Circular provide for, *inter alia*, the introduction of:

(i) A clear differentiation between components of Pillar 2 capital requirements (**P2R**) estimated from an ordinary perspective and the Pillar 2 Guidance determined from a stressed perspective which supervisory authorities may require banks to hold; and

(ii) The possibility for supervisory authorities to require additional capital in the presence of excessive leverage risk, under both ordinary and stressed conditions (P2R and Leverage Ratio and Pillar 2 Guidance Leverage Ratio).

On 18 March 2022, the EBA published its final report on revised Guidelines on common procedures and methodologies for SREP and supervisory stress testing. The EBA has developed the revised SREP Guidelines in order to implement the changes brought by CRD V and CRR II (as defined below). In particular, the revision of the Guidelines, while keeping the original framework with the main SREP elements intact, reflects, among other things, the introduction of the assessment of the risk of excessive leverage and the revision of the methodology for the determination of the Pillar 2 Guidance. Additional relevant changes are related to the enhancement of the principle of proportionality and the encouragement of cooperation among prudential supervisory authorities and AML/CFT supervisors, as well as resolution authorities. The Bank of Italy notified the EBA that full compliance with the guidelines was ensured by the revison of the Circular undertaken through update no. 40 of 3 November 2022. The guidelines apply from 1 January 2023."

- On pages 128-129 of the Base Prospectus, the paragraph entitled "*The 2021 Banking Package*" of the section headed "*Regulatory Aspects*" is hereby amended as set out below:

"**The 2021 Banking Package**

On 27 October 2021, the European Commission adopted a review of the CRD V Package. These revised rules aimed to ensure that EU banks become more resilient to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic and the transition to climate neutrality (the **2021 Banking Package**).

The 2021 Banking Package will finalise the implementation of the Basel III agreement in the EU, marking the final step in the reform of the banking rules. The review consists of the following legislative elements:

(i) a legislative proposal to amend the CRD V;

(ii) a legislative proposal to amend the CRR II; and

(iii) a separate legislative proposal to amend the CRR II in the area of resolution (the so-called "daisy chain" proposal).

In particular, the 2021 Banking Package consists of the following key parts:

(a) Implementation of the Basel III to strengthening resilience to economic shock

The 2021 Banking Package aims to ensure that internal model used by banks to calculate their capital requirements do not underestimate risks, thereby ensuring that the capital required to cover those risks is sufficient.

(b) Sustainability to contribute to the green transition

The 2021 Banking Package will require banks to systematically identify, disclose and manage ESG risks as part of their risk management. This will include regular climate stress testing by both supervisors and banks as competent authorities will have to include ESG risks assessment in their periodic supervisory reviews while banks will be asked to disclose the degree to which they are exposed to ESG risk.

Following a Discussion Paper launched in May 2022, on 12 October 2023, the EBA published a report on the role of environmental and social risks in the prudential framework of credit institutions and investment firms. Taking a risk-based approach, the report recommends targeted enhancements to accelerate the integration of environmental and social risks across the Pillar I. In particular, the EBA proposed to: (i) including environmental risk as part of stress testing programmes under both the internal ratings-based (IRB) and the internal model approaches (IMA) under the Fundamental Review of the Trading Book; (ii) encourage inclusion of environmental and social factors as part of external assessment by the credit rating agencies; (iii) encourage the inclusion of environmental and social factors as part of the due diligence requirements and evaluation of immovable property collateral; (iv) require institutions to identify whether environmental and social factors constitute triggers of operational risk losses; and (v) progressively develop environment-related concentration risk metrics as part of supervisory reporting.

(c) Sound management of EU banks

The 2021 Banking Package provides stronger tools for supervisory overseeing EU banks, establishing a clear, robust and balanced "fit and proper" set of rules, where supervisors assess whether senior staff have the requisite skills and knowledge for managing a bank.

The European Parliament has recently reached a provisional agreement on the final text of parts of the legislation included in the 2021 Banking Package. The new rules amending the CRD IV Regulation are expected to apply from 1 January 2025 with certain elements of the regulation phasing in over the coming years. Changes to the CRD IV Directive will have to be transposed by Member States by mid-2025. Once implemented in the Union, the regulatory changes brought by the 2021 Banking Package will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements."

- On pages 131-135 of the Base Prospectus, the paragraph entitled "*The Bank Recovery and Resolution Directive*" of the section headed "*Regulatory Aspects*" is hereby amended as set out below:

"**The Bank Recovery and Resolution Directive**

The directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (as amended, the **Bank Recovery and Resolution Directive or BRRD**) is designed to provide competent authorities with a credible set of tools to intervene sufficiently early and quickly in an institution that is failing or is likely to fail so as to ensure the continuity of the relevant entity's critical financial and economic functions, whilst minimising the impact of a relevant entity's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest. The four resolution tools and powers are: (i) sale of business – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including senior unsubordinated notes, such as the Notes (**Senior Notes**)) into equity or other instruments of ownership (the **general bail-in tool**). Such equity or other instruments of ownership could also be subject to any exercise of such powers by a resolution authority under the BRRD. The BRRD requires all Member States to create a national, prefunded resolution fund, reaching a level of at least 1 per cent. of covered deposits of all credit institutions by 2024. The national resolution fund for Italy was created in November 2015 and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms, including CA Auto Bank. In the Eurozone, the national resolution funds set up under the BRRD were replaced by the Single Resolution Fund (**SRF** or the **Fund**) as of 1 January 2016, itself set up under the control of the Single Resolution Board (**SRB** or the **Board**). The national resolution funds have been pooled together gradually. The SRF is intended to ensure the availability of funding support while a bank is resolved and will contribute to resolution if at least 8 per cent. of the total liabilities (including own funds) of the bank have been subject to bail-in. Each year, the SRB will calculate, in line with Council Implementing Act 2015/81, the annual contributions of all institutions authorised in the Member States participating in the SSM and the Single Resolution Mechanism (**SRM**). The SRM became fully operational on 1 January 2016. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities, entered into force on 1 January 2015. The SRM, which complements the SSM, applies to all banks supervised by the ECB SSM. It mainly consists of the SRB and a Securitisation Regulation Framework (**SRF**). Decision-making is centralised with the SRB, and involves the European Commission and the European Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities. The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the SRM.

In May 2017 the Commission Delegated Regulation (EU) 2017/747 of 17 December 2015 entered into force. This sets out the criteria for the calculation of *ex ante* contributions, as well as the circumstances and conditions under which the payment of extraordinary *ex post* contributions to the SRF may be partially or entirely deferred. The SRF is to be gradually built up over eight years, from 2016 to 2023, to the target level of at least 1 per cent. of the amount of covered deposits of all credit institutions within the Banking Union by 31 December 2023. Taking into account the current annual growth in covered deposits, this amount is expected to be just over €80 billion. Once this target level is reached, in principle, the banks will have to contribute only if the resources of the SRF are used up in order to deal with resolutions of other institutions. Under the BRRD, the target level of the national resolution funds is set at national level and calculated on the basis of deposits covered by deposit guarantee schemes. Under the SRM, the target level of the SRF is European and is the sum of the covered deposits of all institutions established in the participating Member States. This results in significant variations in the contributions by the banks under the SRM as compared to the BRRD.

Contributions of banks established in Member States with a large amount of covered deposits may be significantly lower than if calculated at a national level, while contributions of those banks established in Member States with fewer covered deposits may be significantly higher than if calculated at a national level. In order to mitigate the potentially abrupt change, the Council Implementing Act provides for an adjustment mechanism to remedy these distortions during the transitional period by way of a gradual phasing in of the SRM methodology.

The SRM Regulation was subsequently updated by Regulation (EU) 2019/877 (**SRM2 Regulation**), as part of the EU Banking Reform Package, published on 7 June 2019 and entered into force on 27 June 2019. In line with the changes to BRRD2 (as defined below), the SRM2 Regulation introduces several amendments such as changing the MREL for banks and G-SIBs, in order to measure it as a percentage of the total risk-exposure amount and of the leverage ratio exposure measure of the relevant institution. BRRD and SRM Regulation require institutions to meet MREL at all times, which has to be determined by the resolution authority in order to ensure the effectiveness of the bail-in tool and other resolution tools.

The BRRD also provides for a Member State as a last resort, after having assessed and exhausted the above resolution tools to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

A relevant entity will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts or other liabilities as they fall due; or it requires extraordinary public financial support (except in limited circumstances). The BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalization EU state aid rules require that shareholders and junior bond holders contribute to the costs of restructuring.

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently or convert into equity capital instruments, such as any subordinated debt securities, at the point of non-viability and before any other resolution action is taken with losses taken (**Non-Viability Loss Absorption**). Any shares issued to holders of subordinated debt securities upon any such conversion into equity may also be subject to any future application of the general bail-in tool or other powers under the BRRD. The point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or its group will no longer be viable unless the relevant capital instruments (including subordinated debt securities) are written-down/converted or extraordinary public support is to be provided.

Any application of the general bail-in tool and, in the case of subordinated debt securities, non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on holders of Notes will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

To the extent any resulting treatment of holders of Notes pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the relevant entity (which is referred to as the "no creditor worse off safeguard" under the BRRD). Any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of certain debt instruments (such as senior notes) issued by an institution under resolution or amend the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

For Member States participating in the Banking Union (which includes France), the SRM fully harmonises the range of available tools, but Member States are authorised to introduce additional tools at national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD.

As from November 2014, the ECB has taken over the prudential supervision under the SSM of significant credit institutions in Eurozone member states. In addition, an SRM has been set up to ensure that the resolution of banks across the Eurozone is harmonised. Under Article 5(1) of the SRM Regulation, the SRB has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the start of 2016.

CA Auto Bank has been designated as a significant supervised entity for the purposes of the SSM Regulation and is consequently subject to the direct supervision of the ECB. This means that CA Auto Bank is also subject to the SRM, which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large extent, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 (**Decree 180**) and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Italian Banking Law and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs applied from 1 January 2019.

It is important to note that, pursuant to Article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the write-down/conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledge, lien or collateral against which it is secured.

On 1 June 2016, the Commission Delegated Regulation (EU) 2016/860 of 4 February 2016 (**Delegated Regulation (EU) 2016/860**) specifying further the circumstances where exclusion from the application of write-down or conversion powers is necessary under Article 44(3) of BRRD was published in the Official Journal of the European Union. In particular this regulation lays down rules specifying further the exceptional circumstances provided for in Article 44(3) of BRRD, where the resolution authority may exclude, or partially exclude, certain liabilities from the application of the write down or conversion powers where the bail-in tool is applied. The Delegated Regulation (EU) 2016/860 entered into force on 21 June 2016.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU (the **Deposit Guarantee Schemes Directive**) have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors, such as holders of the Senior Notes. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant to the safeguard provided for in Article 75 of the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs (which benefit from the super-priority required under Article 108 of the BRRD) will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, liabilities in the form of deposits, including retail as well as large corporate and interbank deposits, if any, which under the national insolvency regime currently in force in Italy rank higher than Senior Notes in normal insolvency proceedings.

Since CA Auto Bank is not part of the Crédit Agricole Network as defined in Article R.512-18 of the French Monetary and Financial Code, its senior preferred debt instruments do not rank *pari passu* with the senior preferred debt instruments issued by the Crédit Agricole Network members and could be subject to the bail-in tool separately. Therefore, should CA Auto Bank face losses and the resolution authority decide to exercise resolution tools and powers, the results deriving from the exercise of the write-down power and/or the conversion into equity of the CA Auto Bank's senior preferred instruments would be borne by the relevant holders of such instruments.

Following the launch of its retail deposit-taking activity as referred to under "*Description of CA Auto Bank – Section 3.2 – Funding Activities – (h) Deposits*", it should be noted that any such deposits would rank senior to the obligations of CA Auto Bank under the Notes in the event of insolvency or resolution proceedings applicable to CA Auto Bank. It is important to note that a new class of non-preferred senior debt was introduced by the Italian Government in December 2017. For further details, please see the risk factor entitled "*EU Banking Reform package*" above.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Each holder of Notes expressly waives any rights of set-off or netting arrangements or other similar remedy which they might otherwise have, under the laws of any jurisdiction, in respect of such Notes which in practice would undermine their capacity to absorb losses. It is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes may be subject to write-down or conversion into equity capital instruments on any application of the general bail-in tool and, in the case of any subordinated debt securities, Non-Viability Loss Absorption, which in each case may result in the holders thereof losing some or all of their investment. The exercise of these, or any other power, under the BRRD, or any suggestion, or perceived suggestion, of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The legislative decree intended to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree no. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which came into force on 1 July 2018. Amongst other things, the Decree amends Italian Banking Law and: (i) establishes that the maximum amount of reimbursement to depositors is €100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

As of 2016, in addition to the capital requirements under the CRD IV Package, as subsequently amended by the CRD V Package, the BRRD introduces requirements for European banks to maintain at all times a sufficient aggregate amount of own funds or eligible liabilities (the **Minimum Requirements for Own Funds and Eligible Liabilities, MREL**). Under Article 45 of the BRRD, MREL is to be calculated as the amount of own funds and eligible liabilities expressed as a percentage of total liabilities and own funds of the institution. The MREL requirements constrain the structure of liabilities and require the use of subordinated debt, which has an impact on cost and potentially on the Issuer's financing capacity.

Since CA Auto Bank is not part of the Crédit Agricole Network as defined in Article R.512-18 of the French Monetary and Financial Code, it is not subject to an external MREL requirement under the BRRD and its debt instruments do not contribute to the Crédit Agricole Group MREL ratio. For further details, please see the section "*Description of CA Auto Bank*" above."

- On page 135-137 of the Base Prospectus, the paragraph entitled "*Revision to the BRRD framework*" of the section headed "*Regulatory Aspects*" is hereby amended as set out below:

"**Revision to the BRRD framework**

The EU Banking Reform Package includes Directive (EU) 2019/879, which provides for a number of significant revisions to the BRRD (known as BRRD2). The BRRD, as subsequently amended by the BRRD2, is commonly referred to as BRRD. BRRD2 provides that Member States are required to ensure implementation into local law by 28 December 2020 with certain requirements relating to the implementation of the TLAC standard applying from January 2022, while the transitional period for full compliance with MREL requirements is foreseen until 1 January 2024, with interim targets for a linear build-up of MREL set at 1 January 2022. The EU Banking Reform Package includes, amongst other things:

(i) full implementation of the FSB's TLAC standard in the EU and revisions to the existing MREL regime. Additional changes to the MREL framework include changes to the calculation methodology for MREL, criteria for the eligible liabilities which can be considered as MREL, the introduction of internal MREL and additional reporting and disclosure requirements on institutions;

(ii) introduction of a new category of "top-tier" banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed EUR 100 billion;

(iii) the introduction of a new moratorium power for resolution authorities and requirements on the contractual stays in resolution; and

(iv) amendments to the article 55 regime in respect of the contractual recognition of bail-in.

In particular, with a view to ensuring full implementation of the TLAC standard in the EU, the EU Banking Reform Package and the BRRD2 introduce MREL applicable to G-SIIs with the TLAC standard and to allow resolution authorities, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement strictly linked to the resolvability analysis of a given G-SII. BRRD2 introduces a minimum harmonised MREL requirement (also referred to as a Pillar 1 MREL requirement) applicable to G-SIIs only. The BRRD2 includes important changes as it introduces a new category of banks, so-called top-tier banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed Euro 100 billion. At the same time, the BRRD2 introduces a minimum harmonised MREL requirement (also referred to as a Pillar 1 MREL requirement) which applies to G-SIIs and also top-tier banks. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs and top tier banks comply with a supplementary MREL requirement (a Pillar 2 MREL requirement). A subordination requirement is also generally required for MREL eligible liabilities under BRRD2, but exceptions apply.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD2 provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL requirements, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, under certain circumstances, BRRD2 envisages a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments senior management of the bank and employees take effect due to a breach of the combined capital buffer requirement.

In Italy, the BRRD2 has been implemented by Legislative Decree No. 193 of 8 November 2021(the **Decree 193**), which entered into force on 30 November 2021 and amended the BRRD Decrees and the Italian Banking Law. The provisions set forth in the Decree no. 193 includes, among other things:

(i) *Changes to the MREL regulatory framework*

The amendments introduced to Decree 180 aligned the Italian regulatory framework regulating MREL, and the criteria according to which it is determined, to the provisions set forth in the BRRD2.

In particular, the amended version of Decree 180 clearly envisages that MREL shall be determined by the Bank of Italy on the basis of the following criteria:

(a) the need to ensure that the application of the resolution tools to the resolution entity is adequate to meet the resolution's objectives;

(b) the need to ensure that the resolution entity and its subsidiaries belonging to the same corporate group subject to resolution have sufficient own funds and eligible assets to ensure that, if the bail-in tool or write-down or conversion powers, respectively, were to be applied to them, losses could be absorbed and that it is possible to restore the total capital ratio and, as applicable, the leverage ratio to a level necessary to enable them to continue to comply with the conditions for authorisation, according to the regulatory framework currently in force, even if the resolution plan envisages the possibility for certain classes of eligible liabilities to be excluded from bail-in or to be transferred in full to a recipient under a partial transfer;

(c) the size, the business model, the funding model and the risk profile of the entity; and

(d) the extent to which the failure of the entity would have an adverse effect on financial stability, due to the interconnectedness of the entity with other institutions or with the rest of the financial system.

(ii) *New ranking for subordinated instruments of banks which do not qualify as own fund*

Article 91 of the Italian Banking Law has been modified by Decree 193 to transpose into the Italian legislative framework the provisions set forth in Article 48(7) of the BRRD2.

In particular, according to the amended version of Article 91, subordinated instruments which do not qualify (and no part thereof is recognised) as own funds items shall rank senior to own funds items (including any instruments only partly recognised as own funds items) and junior to senior non-preferred instruments. Moreover, if own funds items cease, in their entirety, to be classified as such, they will rank senior to own funds items but junior to senior non-preferred instruments.

The abovementioned provision also applies to instruments issued before the entrance into force of Decree 193, such as 1 December 2021.

(iii) *New minimum denomination requirement*

Article 12-ter of the Italian Banking Law, introduced by Decree 193, provides for the determination of a minimum unit value for bonds and debt securities issued by banks or investment firms equal to Euro 200,000 for subordinated bonds and other subordinated securities or Euro 150,000 for Senior Non Preferred debt instruments (*strumenti di debito chirografario di secondo livello*).

Any contracts entered into with non-professional investors and relating to investment securities having as their object the instruments referred to in Article 12-ter of the Italian Banking Law issued after 1 December 2021, that do not respect the minimum unit value, shall be declared as null and void (Article 25-quater of the Financial Services Act, as amended by Decree 193).

Without prejudice to the restrictions outlined above on the sale to retail investors, the ban previously in force on the placement of Senior Non Preferred debt instruments with non-qualified investors has been repealed by Article 5 of the Decree 193.

In this context, it is worth mentioning that on 18 April 2023, the European Commission published a legislative proposal on the Crisis Management and Deposits Insurance (**CMDI Reform**) framework. The package consists of four legislative proposals that would amend existing EU legislation: the BRRD, the Deposit Guarantee Scheme Directive and the SRM. New aspects of the framework could include: i) expanding the scope of resolution through a revision of the public interest assessment to include a regional impact so more eurozone banks could be brought into the resolution framework, ii) the use of deposit guarantee schemes to help banks, especially the small ones, to meet a key threshold for bearing losses of 8% of their own funds and liabilities, which then allows them to have access to the Single Resolution Fund, also funded by bank contributions, and help sell the problem banks' assets and fund their exit from the market, iii) amending the hierarchy of claims in insolvency and scrapping the "super-preference" of the Deposit Guarantee Scheme to put all deposits on equal pegging in an insolvency, but still above ordinary unsecured creditors with the aim of enabling the use of Deposit Guarantee Scheme funds in measures other than pay out of covered deposits without violating the least cost test. The proposal will need to be agreed by the Member States and the European Parliament, a process which could take one year if they aim to finalise it before the current European Commission's mandate ends in spring 2024."

UPDATE OF THE "*SUBSCRIPTION AND SALE*" SECTION OF THE BASE PROSPECTUS

On pages 158-159 of the Base Prospectus, the paragraph entitled "*Singapore*" of the section headed "*Subscription and sale*" is hereby amended as set out below:

"**Singapore**

Unless the Final Terms in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged (and each further Dealer appointed under the Programme will be required to acknowledge) that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed (and each further Dealer appointed under the Programme will be required to represent, warrant and agree) that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contract (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

The Final Terms in respect of any Notes may include a legend entitled "Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore" that will state the product classification of the applicable Notes pursuant to Section 309B(1) of the SFA; however, unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). This notification or any such legend included in the applicable Final Terms will constitute notice to "relevant persons" for purposes of Section 309B(1)(c) of the SFA."

GENERAL

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.