



**Banco di Desio e della Brianza S.p.A.
("Banco Desio")
Obbligazioni Bancarie Garantite (OBG)
European Covered Bond label (Premium)**

Investor presentation

August 2023

Potential Transaction

Indicative Terms and Conditions	
Issuer	Banco di Desio e della Brianza S.p.A
Expected Issue Rating	AA Fitch
Status	Mortgage Covered Bond (Obbligazioni Bancarie Garantite), European Covered Bond label (Premium)
Amount	[min. EUR 300 million]
Maturity	Long 4 years, soft-bullet
Coupon	Fixed [] %
Coupon payments	Annual
Extended Period FRN Coupon	1 month Euribor + [•] bps, per annum, Act/360
Issue/re-offer Spread:	ms+[•] bps
Redemption price	100% Nominal Amount
Day Count Fraction	Actual/Actual (ICMA) unadjusted
Documentation	Issued off Banco di Desio e della Brianza S.p.A EUR 3bn Covered Bond Programme dated 25 th July 2023, unconditionally and irrevocably guaranteed as to payments of interest and principal by DESIO OBG S.r.l
Form of the Notes	Bearer
Governing Law	Italian Law
Listing	Dublin Stock Exchange
Denominations	EUR 100k +1k
Joint Lead Managers	BNP Paribas, Crédit Agricole CIB, Mediobanca, Santander and UniCredit

Executive Summary

Issuer description

- Resilient business model focused on Retail, SMEs, Wealth Management and Consumer Lending activities
- Improving asset quality with strong decrease of NPL ratio
- Stable funding and good liquidity (LCR ~200%)
- Strong capital position (CET1 16,5%)
- During the last BP (21-23), the Bank worked on both revenues and costs with a strong impact on profitability. It has focused on derisking with benefits on asset quality and capital ratios

OBG Programme

- EUR 3bln Programme aimed at diversifying the sources of funding
- OBG Programme Rating: AA by Fitch (26th January 2022, confirmed on 21th December 2022)
- Support lending activity lengthening the maturity profile

Cover pool

- Cover Pool composed of first lien residential mortgage loans, performing only
- Weighted average current LTV: 46.35%
- 80% of the covered pool composed by 1st home mortgages
- 99% of the pool originated in North and Centre of Italy (out of which 41% in Lombardy)
- 20% of the pool has a seasoning higher than 9 year

Italian Mortgage Market

- The Italian mortgage market is one of the softest in Europe, reflecting the low tendency of customers to incur debt
- Low LTV levels compared to Italian peers
- Banco Desio is a known name in the OBG market, with 3 OBG trades outstanding

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Banco Desio: a solid and independent bank with strong local roots

Founded in 1909

- Founded in 1909 under the name of «Cassa Rurale», the bank, headquartered in Desio, was renamed Banco Desio in 1925;
- As of 1989, the bank developed mainly in Lombardy with **639 employees and 29 branches**.

1995: listing on the Milan Stock Exchange market

- Following the listing, Banco Desio **developed as multiregional bank**, and started to diversify its business model through:
 - ✓ AM (Rovere Società de Gestion);
 - ✓ Insurance (Chiara Assicurazioni);
 - ✓ Consumer Credit (**FIDES S.p.A., acquired in 2007**).
- As of 2009, operating network increased to **1,774 employees and 161 branches**.

2014-2016 acquisition of BP Spoleto/Sale of non core businesses

- **Sale of non core activities:**
 - ✓ AM activity, Rovere Società de Gestion S.A. liquidated in 2016,
 - ✓ Insurance activity, Chiara Assicurazioni S.p.A. ceded to the Helvetia Insurance group as of December 2016.
- **Acquisition of Banca Popolare di Spoleto (BPS):** the deal is fully own funded contributing to consolidate BD Desio retail SMEs businesses and geographic presence in Centre of Italy. Banco Desio relies on **2,351 employees and 268 branches**.

2021-2023 Boost to profitability, derisking, M&A

- **Over the last three years, the Bank worked on both revenues and costs with a strong impact on profitability.**
- **The Bank had a strong focus on derisking with benefits on asset quality and capital ratios;**
- **Fides has become the product factory in consumer lending;**
- **In 2023 the Bank acquired 48 branches from BPER to strengthen its business model. Banco Desio relies on 2,403 employees and 280 branches.**

Banco Desio in a nutshell: coherent, conservative, resilient, listed

- **Business model** focused on Retail, Private and SME's clients with a broadband product offer that includes Wealth Management, Consumer Lending and Bancassurance.
- **Simple group structure** focused on banking activities;
- **Listed since 1995 on the Milan Stock Exchange** with a market capitalisation of EUR 443 m (as of 31th Aug-23);
- **A family owned bank with stable governance** and free float traded on the market by both Italian and foreign primary financial institutions;
- **Good geographical diversification** with 280 branches mainly in the North of Italy (~30% of bank's distribution network in Lombardy);
- **A resilient bank rated by Fitch at BB+ (Stable Outlook)**, confirming its last assessment thanks to:
 - **Regulatory capital ratios comfortably above minimum requirements;**
 - **Gross impaired loans in line with other domestic banks;**
 - **In the last two years Banco Desio, despite operating in a market context characterized by rising energy prices, high inflation and weak GDP growth, has exceeded its economic and financial objectives with an acceleration in the risk reduction strategy which has translated into profitability and excess capital which has been used to further boost the planned growth;**
 - **Sound liquidity, with liquidity coverage close to 200% and net stable funding ratio >130%.**

 Banco di Desio e della Brianza S.p.A.

 Fides
— Gruppo Banco Desio —

100,00%

 Banco Desio

60,00%



Key drivers of our business plan strategy



Wealth Management

Become the reference point in asset management for historical customers, taking advantage of the independence of the factory, new skills, new services and tools



Consumer Banking

Serve customers in a lean and efficient way, at the lowest possible cost-to-serve, combining relationship and digital and pushing on underpenetrated high-margin products (e.g. bancassurance)



SMEs Clients

Focus on mutual beneficial relationships through a more focused client approach. Credit policy oriented towards the most deserving customers, with a focus on optimal allocation of loans, an ambitious push towards specialist services (e.g. factoring) and maximization of RARORAC by improving RWA density



Efficiency and cost optimization

Improving customer journey, easier onboarding at lower cost to serve by delivering consistent high quality. Review of the distribution model and of the main organizational processes and push towards digitalisation

Banco Desio commitment to ESG

Masterplan



5 main strategic priorities:

- ESG strategy definition and governance
- Focused approach to the environmental and social transition (green transition)
- Environmental and climate risk governance and management
- E(SG) reporting
- ICT internal processes and systems

2022 main achievements

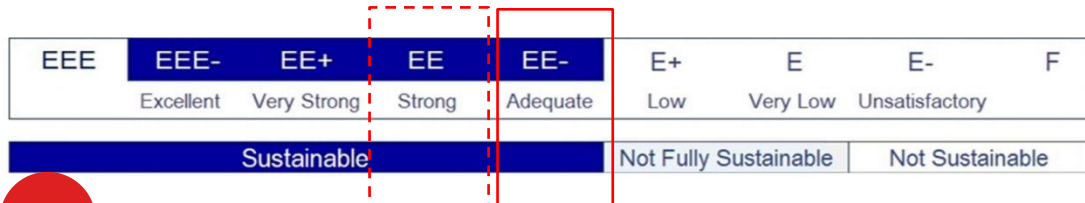


2 main blocks of activities:

- Environmental impact
 - Reducing scope 1,2 and 3 CO2 emissions from our operations
 - Sustainable procurement standard
- People, diversity, inclusion
 - Work life balance
 - Talent attraction and retention
 - Diversity and inclusion
 - Career and personal development





ESG Rating

Italian Banks Index by Standard Ethics confirms Banco Desio as Adequate (EE-) with EE rating in a LT view.



June 2023 well above plan objectives further supported by M&A transactions

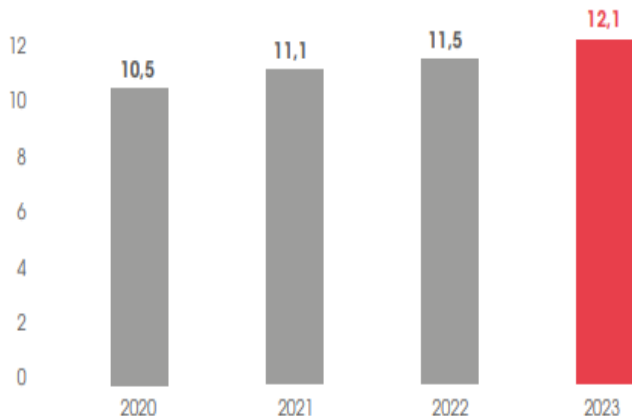
RECLASSIFIED CONSOLIDATED INCOME STATEMENT			
	June 23	June 22	Δ % YOY
<i>Euro / mln</i>			
Current			
Operating Profit	274,0	239,8	14,3%
Operating Costs	-148,8	-131,9	12,8%
Operating Result	125,2	107,9	16,1%
ADJUSTMENTS, PROVISIONS	-36,9	-38,2	-3,6%
of which: Cost of Risk	-26,7	-27,7	-3,5%
Current Gross Result	88,3	69,6	26,8%
Current Taxes	-29,1	-23,1	26,0%
Current Net Result	59,2	46,5	27,2%
Not recurrent result			
Not recurrent net result	134,2	7,6	n.s.
NET RESULT	193,3	54,1	257,3%

KPI	June 2023	Dec 2022
 Roe	22,7%	7,8%
 C/I Ratio	54,3%	56,2%
 NPL Ratio¹	3,3%	3,3%
 CET1²	16,5%	14,7%
TCR²	16,5%	14,7%
LCR	199,1%	152,4%

1) Gross NPL
2) Phased-in regime

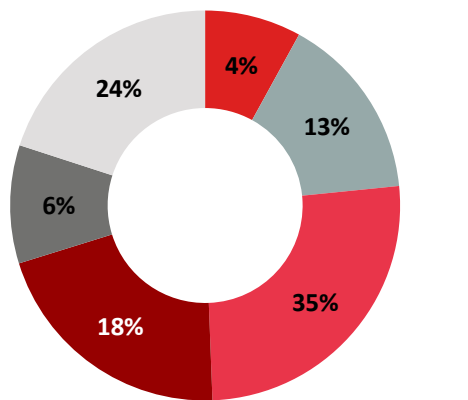
Constant proximity to real economy and well-diversified customer base

Gross customer loans (interest bearing) trend (Eur bln)

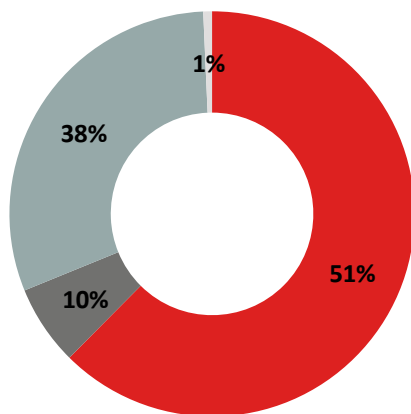


- **Good diversification in terms of industrial sectors and individual borrowers, with limited large exposures** and increasing loans to customers year on year;
- Gross customers loans (interest bearing) increasing by 5.3% compared to Dec'22, positively affected by the acquisition of 48 BPER branches in 2023;
- **Top 20 clients exposure totalling 1.85%** of gross customer loans vs 1.64% in 1H-23, reflecting a good diversified risk.

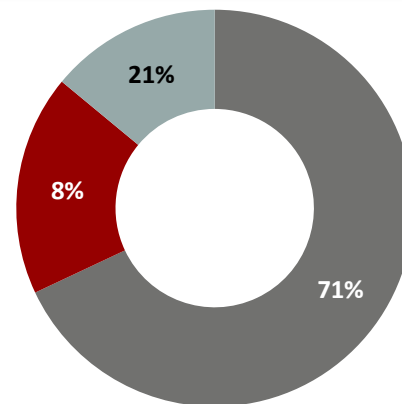
1H-23 Breakdown by sector (%)



1H-23 Breakdown by type of debtor (%)



1H-23 Breakdown by type of loan (%)



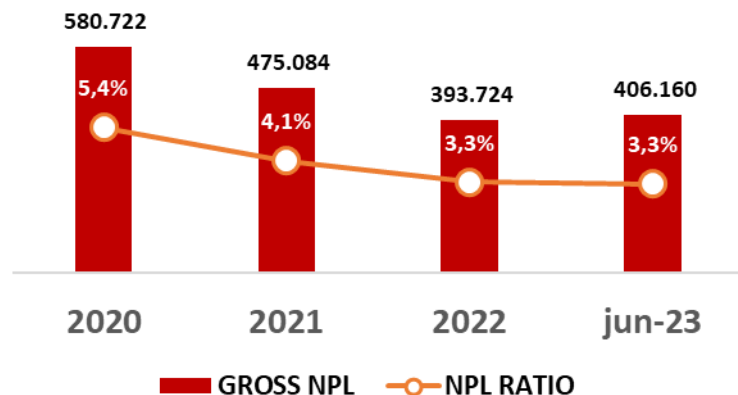
- Building
- Customer households
- Real estate
- Commerce
- Manufacturing
- Services

- Non financial companies
- Financial institutions
- Customer households
- Other

- Mortgages
- Other loans
- Current accounts

Improving asset quality: decreasing level of NPLs

Gross impaired loans trend (Eur/1.000)



- **Banco Desio is planning further net NPEs disposals by the end of 2023 so to improve its asset quality;**
- Eur 296m bad loans disposal was made from Dec-21 of which Eur 50m in 2Q-23, implying a significant decrease of gross impaired loans compared to Dec-20, as well as a lower level of NPLs with respect to most of its peers;
- As of June 2023, NPEs % of gross loans portfolio is shown to be well below the Italian Banking System result¹, and also the **aggregated coverage ratio** reflects a positive trend well above the avg of the National Banking System².

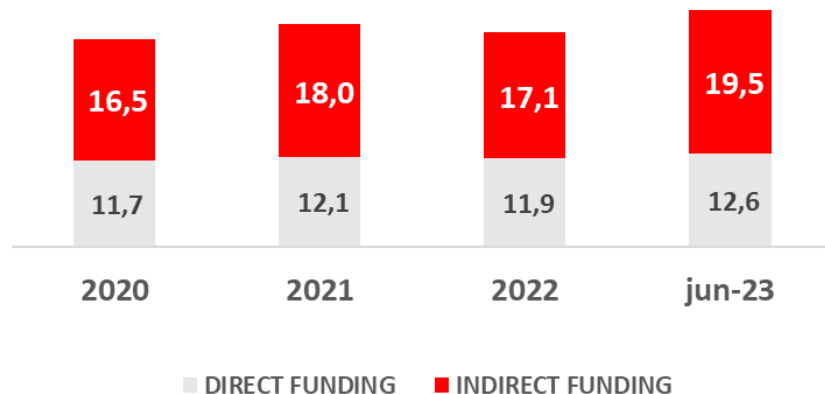
1H-23 Impaired loans breakdown (%)

NPL Exposures % of Gross customer Loans	2020	jun-23	LSI Italian Banking System
In bonis	94,6%	96,7%	94,1%
Gross NPL	5,4%	3,3%	5,9%
Bad	2,8%	1,3%	2,7%
Utp + PD	2,6%	2,0%	3,2%

Coverage %	2020	jun-23	LSI Italian Banking System
In bonis	0,7%	0,9%	1,0%
Gross NPL	47,5%	44,5%	32,5%
Bad	61,0%	64,6%	38,7%
Utp + PD	33,0%	31,8%	33,3%

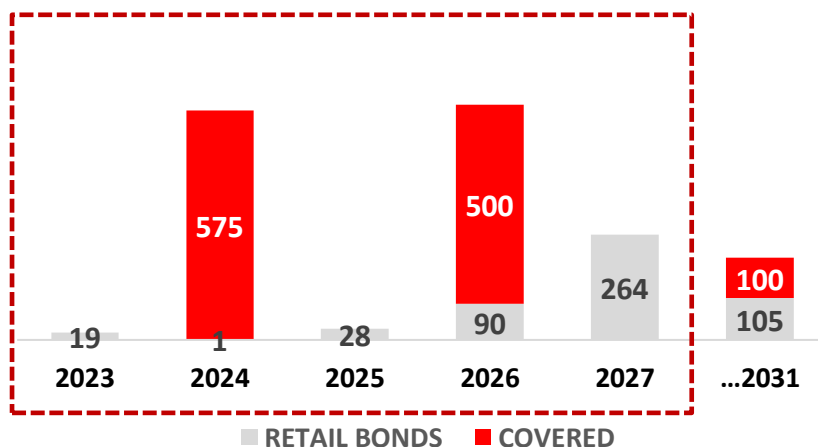
Consistent and resilient funding profile

Total funding breakdown (Eur bln)



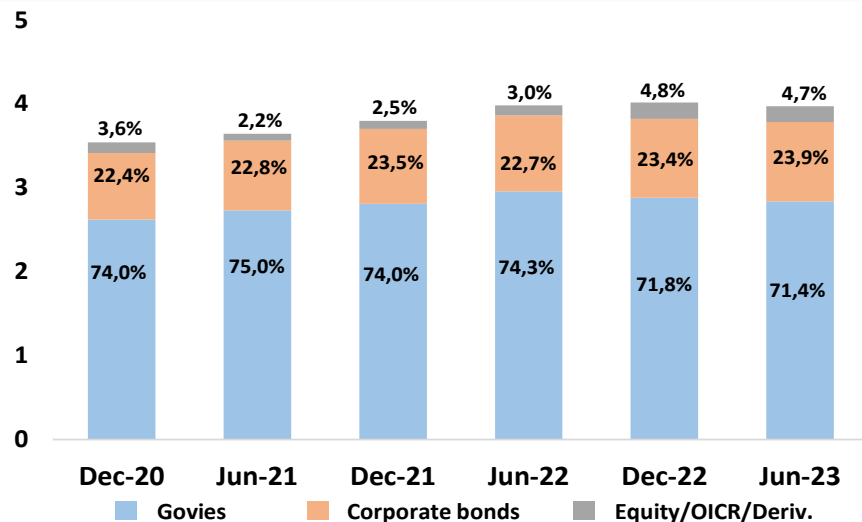
- Banco Desio has proved to have a consistent and resilient funding thanks to its large retail customer and solid relationship with corporate depositors;
- As of Jun-23, total funding amounted to Eur 33 bln **mainly driven by the indirect funding component, which is becoming continuously significant in line with Banco Desio's willingness to grow its AuM;**
- **Total funding** (excluding repos with CC&G) **composed of:**
 - **Eur 12,6bn traditional direct funding (38% on overall funding)**, represented by 83% customer deposits and 4% retail bonds;
 - **Eur 19,5bn indirect funding (62% on overall funding)**, Customer part is represented by 33% AuC and 67% AuM, the latter recording a sound increase.

Bonds maturity



Safe securities portfolio and optimal liquidity position

Financial portfolio breakdown (Eur bln)

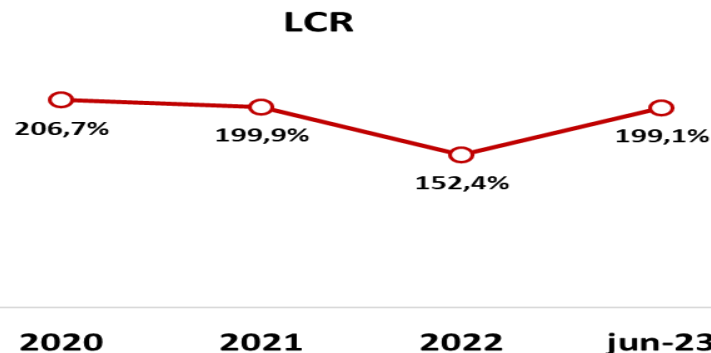


Financial portfolio allocation (Eur bln)

	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23
HTC	2,82	2,97	3,12	3,05	2,98	2,96
HTCS	0,66	0,61	0,59	0,81	0,84	0,83
FVTPL	0,06	0,07	0,09	0,12	0,20	0,18
TOTAL Portfolio	3,54	3,65	3,80	3,98	4,02	3,97

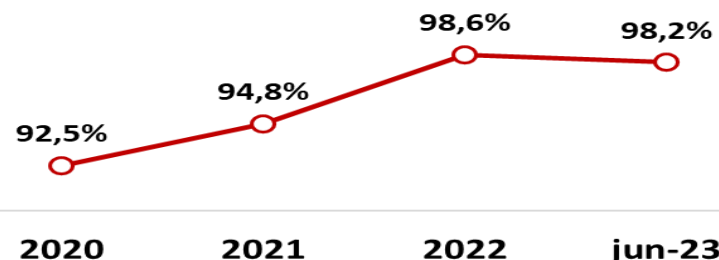
- Investment strategy remains conservative;
- Total Portfolio as of 30 June 2023 is largely composed of Govies, almost entirely issued by the Italian State;
- The Portfolio has maintained a substantially stable duration compared with the end of 2022 (HTC ca 2.5yrs vs 2,6yrs - HTCS ca 1.7yrs vs 1,9yrs).

Liquidity Coverage ratio (%)



- Liquidity coverage ratio well above required limits;
- NSFR > 130%

Loan to Deposit ratio (%)*

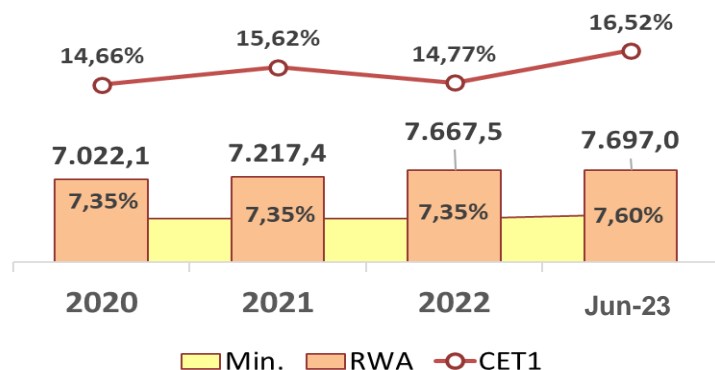


*Gross LTD: Gross loans on total direct funding

Capital ratios: well above SREP requirements

Capital ratios well above minimum requirements (%)

RWA & CET1 Trend 2020-2023



- Sounding and significantly improved Capital ratios (**CET1 Banking Group +175 bps YTD**) thanks to:
 - Exceptional net result driven by increased interest spread, low risk cost and cost discipline
 - positive impact of M&A transactions
 - Increased capital efficiency and decreased RWA density

Capital absorption 2020 and June 23 (Eur mln)

CET	2020	June 23
CET1	1.030	1.272
T1	0,8	0,0
T2	26,5	0,0
OWN FUNDS	1.057	1.272
RWA	7.022	7.697
CET1	14,7%	16,5%
SREP Ratio	7,4%	7,6%
Buffer vs SREP	7,4%	8,9%
TCR	15,1%	16,5%
SREP Ratio	11,1%	11,5%
Buffer vs SREP	4,0%	5,0%

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Summary of the programme

Main Terms

Issuer	Banco Desio
Sellers	Banco Desio
Programme Size	Eur 3,000,000,000
Guarantor	DESIO OBG S.r.l.
Cover Pool	Italian prime, first economic lien residential mortgages originated by the Sellers
Segregation of collateral	Collateral sold to the Guarantor for the benefit of OBG holders and other secured parties in the context of the programme
Listing	Dublin
Overcollateralization	The statutory tests are run quarterly to ensure sufficient programme support
Guarantor Calculation Agent	Banca Finanziaria Internazionale S.p.A.
Test Calculation Agent	Banco Desio SPA
Asset Monitor	BDO Italia S.p.A.
Governing Law	Italian Law
Representative of OBG holders	Banca Finanziaria Internazionale S.p.A.
Arranger	BNP Paribas

Statutory tests (1/2)

- The Statutory Tests are designed according to the Italian Regulation Framework and are intended to ensure that the Cover Pool is at all times sufficient to repay the Covered Bonds
- Failure of the asset tests that is not remedied within a stipulated period (3 months) will constitute an Issuer Event of Default and result in the service of an Issuer Default Notice on the Issuer and a notice to pay on the Guarantor
- Any loan classified as “Attività Finanziaria deteriorata” (i.e.: Past Due, Unlikely to pay, Defaulted loan and “Sofferenze”) is excluded from the Covered Pool in the calculation of the Statutory Tests

Nominal Value Test

The outstanding aggregate principal balance of the Eligible Cover Pool plus the aggregate amounts standing to the credit of the SPV accounts (in relation to the principal component only) shall be at least equal to, or higher than, the aggregate principal notional amount of all Covered Bonds outstanding

Net Present Value Test

The Net Present Value of the Eligible Cover Pool (taking into consideration the present values of the Guarantor general and administrative expenses, any cash flow expected on derivatives and the liquidation costs) shall be at least equal to, or higher than, the Net Present Value of the Outstanding Covered Bonds

Interest Coverage Test

The Interest Collections from the Eligible Cover Pool, including any cost to be borne by the Guarantor and any cash flow expected on derivatives, shall be at least equal to, or higher than, the interest payments scheduled to be due in respect of all the outstanding Covered Bonds

Statutory tests (2/2)

Liquidity Reserve Requirement

The liquidity Reserve Requirement is at least the maximum cumulative expected net outflow in the next 180 calendar days

Overcollateralisation Requirements

Ensures that outstanding aggregate principal balance of the Eligible Cover Pool is at least 5% more than the aggregate principal notional amount of all Covered Bonds outstanding.

Additional tests

- The tests are included in the legal documentation according to the Rating Agency Requirements

Asset Coverage Test

- The Adjusted Aggregate Loan Amount shall be at least equal to the aggregate Outstanding Balance of the Covered Bonds
- The Adjusted Aggregate Loan Amount is the lower of:
 - (i) the aggregate of the LTV Adjusted Principal Balance of each Mortgage Loan
 - (ii) the aggregate Asset Percentage Adjusted Principal Balance of the Residential Mortgage Loans
- Calculations under the test takes also into consideration any amount standing to the credit of the Guarantor accounts, any aggregate outstanding principal balance related to Top Up assets or any other eligible asset, any principal deferral, any potential set-off amount, any commingling amount and negative carry factor calculation

Amortisation Test

- The Amortisation Test (“AT”) is calculated only after an Issuer Event of Default (but prior to service on the Guarantor of a Guarantor Default Notice) in order to ensure that the Cover Pool contains sufficient assets to enable the Guarantor to meet its obligations under the Guarantee
- The AT is failed if the Amortisation Test Aggregate Loan Amount plus other eligible assets owned by the Guarantor is lower than the present value of the Outstanding Principal Amount of the issued Covered Bonds. In this case, a Guarantor Event of Default Notice will be served by the Representative of the Bondholders on the Guarantor causing the acceleration of the Covered Bonds and a demand for enforcement of the Covered Bond Guarantee
- The present value of the outstanding Covered Bonds is calculated by multiplying the aggregate Outstanding Principal Amount of the Covered Bonds by the weighted average remaining maturity of all Covered Bonds then outstanding then multiplied by the Negative Carry Factor

Summary

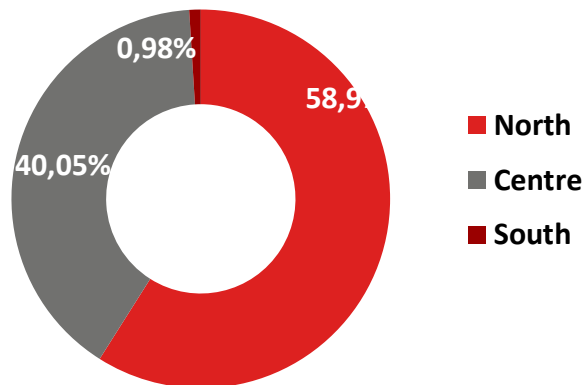
Portfolio of Mortgage Loans

Number of Loans	17,216	
Total Outstanding Credit (Euro)	1,574,139,408.21	
First Economic Lien	1,574,139,408.21	100%
Floating Rate Outstanding Credit (Euro)	404,692,560.66	25.71%
<i>of which Floating Capped Rate Outstanding Credit</i>	50,380,532.24	3.20%
Fixed Rate Outstanding Credit (Euro)	1,169,446,848.42	74.29%
Floating Rate Portfolio Weighted Average Rate	5,21%	
Fixed Rate Portfolio Weighted Average Rate	1,66%	
Weighted Average Current LTV (%)	46.35%	
Weighted Average Original LTV (%)	58.59%	
Weighted Average Seasoning (years)	6,10	
Weighted Average Residual Life (years)	15.78	

1. *Weighted Average Current LTV is the ratio between a) the Outstanding Credit and b) the Property Value weighted by the Outstanding Credit*
2. *Weighted Average Original LTV is the ratio between a) the Original Loan Amount and b) the Property Value weighted by the Outstanding Credit*
3. *Weighted Average Seasoning is expressed in years and weighted by the Outstanding Credit*
4. *Weighted Average Residual Life is expressed in years and weighted by the Outstanding Credit*
5. *Weighted Average Spread is the spread of the Floating Rate Loans weighted by the Outstanding Credit of the Floating Rate Portfolio*

Cover pool features (1/6)

Geographic breakdown



of which



Lombardy 41%

of which



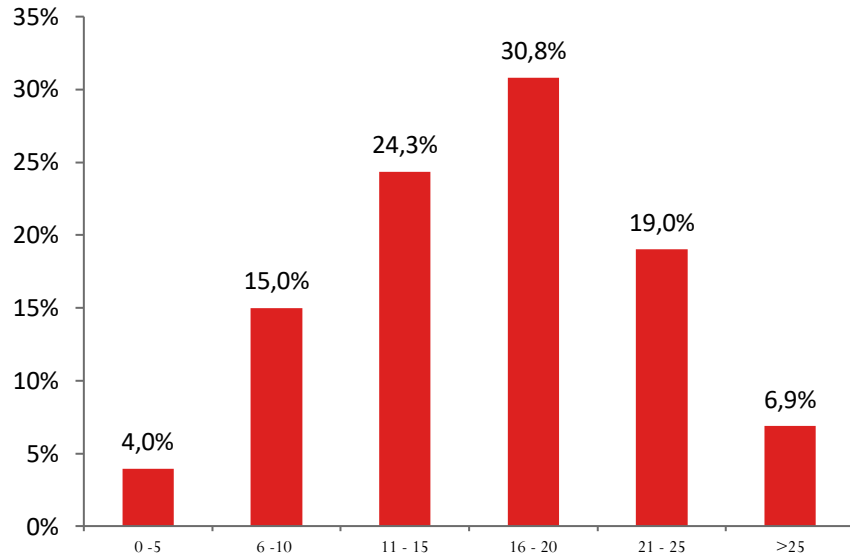
Lazio 15%

Breakdown by type

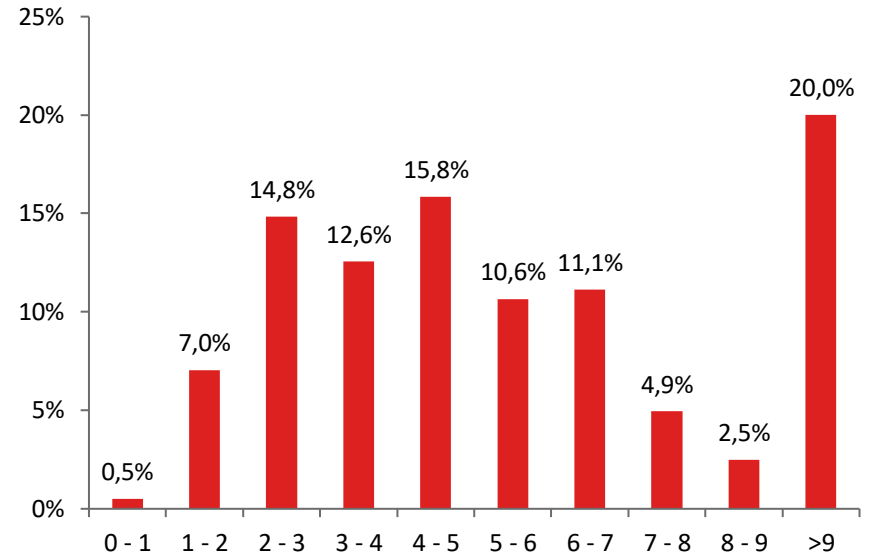


Cover pool features (2/6)

Residual Life

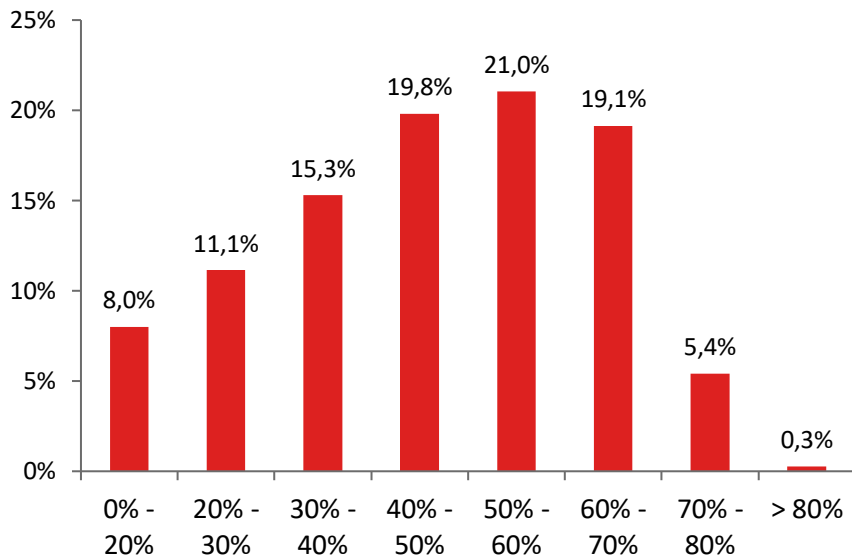


Seasoning

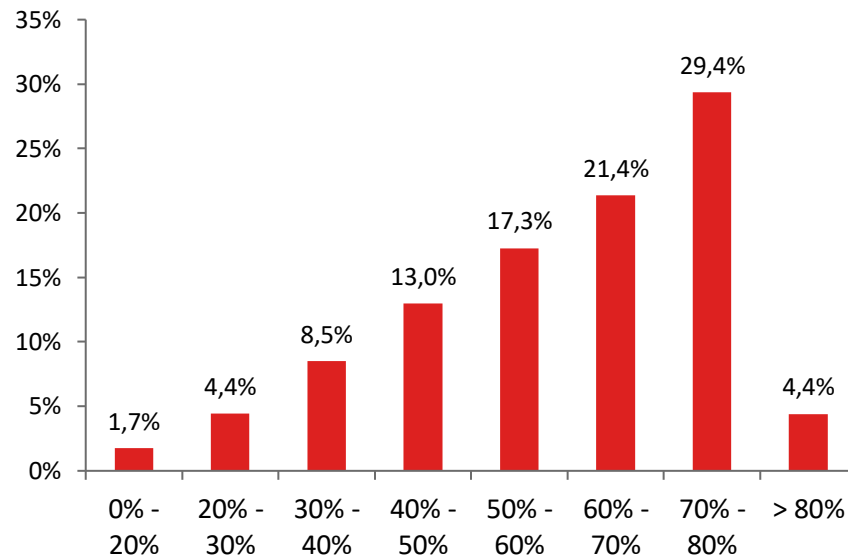


Cover pool features (3/6)

Current LTV

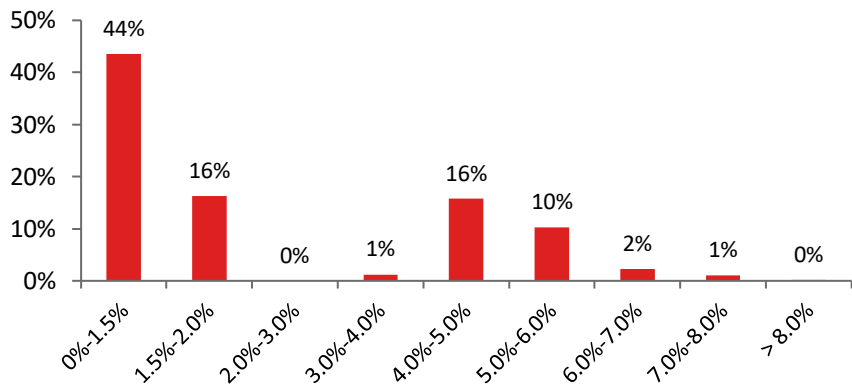


LTV at origination

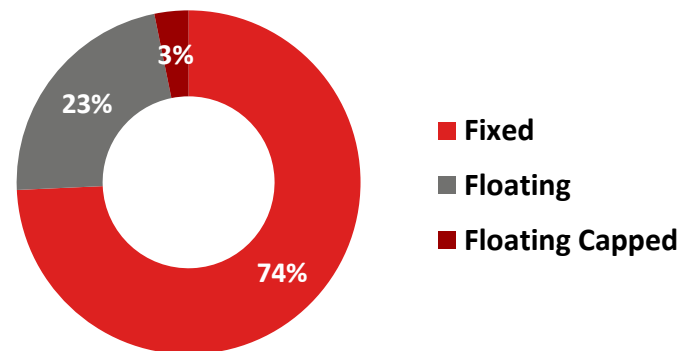


Cover pool features (4/6)

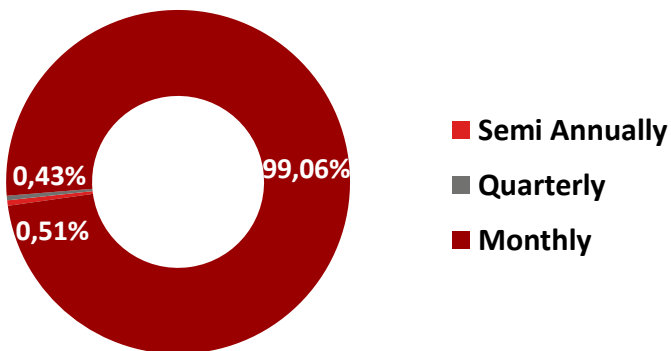
Class of Rate



Current Interest rate breakdown



Payment Frequency



Cover pool features (5/6)

Breakdown by Outstanding Principal

Range (Eur)	Outstanding Principal (Eur)	%
01) 0,000 - 10,000	2,535,874.50	0.16%
02) 10,000 - 25,000	24,330,016.82	1.55%
03) 25,000 - 50,000	130,344,038.75	8.28%
04) 50,000 - 75,000	221,142,612.49	14.05%
05) 75,000 - 100,000	246,862,928.74	15.68%
06) 100,000 - 150,000	374,333,147.60	23.78%
07) 150,000 - 200,000	244,738,329.23	15.55%
08) 200,000 - 300,000	191,432,571.31	12.16%
09) Over 300,000	138,419,888.77	8.79%
Total	1,574,139,408.21	100.00%

Breakdown by Original Loan amount

Range (Eur)	Outstanding Principal (Eur)	%
01) 0,000 - 10,000	6,297.47	0,00%
02) 10,000 - 25,000	412,306.71	0,03%
03) 25,000 - 50,000	20,574,461.71	1,31%
04) 50,000 - 75,000	104,273,582.06	6,62%
05) 75,000 - 100,000	157,300,008.76	9,99%
06) 100,000 - 150,000	407,704,817.76	25,90%
07) 150,000 - 200,000	311,327,598.59	19,78%
08) 200,000 - 300,000	323,988,787.43	20,58%
09) Over 300,000	248,551,547.72	15,79%
Total	1,574,139,408.21	100,00%

Cover pool features (6/6)

Breakdown by Original Term

Range (years)	Outstanding Principal (Eur)	%	Average Size
01) 0 - 6	2,286,132.31	0.15%	30,481.76
02) 6 - 8	5,626,172.81	0.36%	33,689.66
03) 8 - 10	56,819,646.90	3.61%	49,109.46
04) 10 - 12	33,678,431.91	2.14%	52,787.51
05) 12 - 14	27,500,731.99	1.75%	61,248.85
06) 14 - 16	194,246,313.68	12.34%	65,468.93
07) 16 - 18	49,923,643.83	3.17%	77,042.66
08) 18 - 20	347,747,200.36	22.09%	87,615.82
09) 20 - 22	134,751,510.10	8.56%	94,363.80
10) 22 - 24	59,840,896.11	3.80%	110,611.64
11) 24 - 26	383,096,414.09	24.34%	120,470.57
12) 26 - 28	47,989,713.19	3.05%	123,684.83
13) 28 - 30	149,759,092.01	9.51%	141,282.16
14) > 30	80,873,508.92	5.14%	147,310.58
Total	1,574,139,408.21	100.0%	91,434.68

Breakdown by Funding Year

Year	Outstanding Principal (Eur)	%	Average Size
2000-2005	6,618,603.58	0.42%	27,577.51
2006	12,782,534.50	0.81%	53,260.56
2007	21,767,510.87	1.38%	69,323.28
2008	32,010,939.18	2.03%	70,820.66
2009	45,236,313.23	2.87%	66,818.78
2010	57,623,753.11	3.66%	62,908.03
2011	57,477,755.09	3.65%	69,250.31
2012	36,761,220.51	2.34%	68,076.33
2013	28,470,384.85	1.81%	67,305.87
2014	32,241,972.89	2.05%	67,031.13
2015	57,942,154.11	3.68%	80,252.29
2016	110,708,513.69	7.03%	86,491.03
2017	192,448,080.21	12.23%	88,319.45
2018	184,695,068.11	11.73%	95,796.20
2019	251,085,837.99	15.95%	101,571.94
2020	216,545,120.58	13.76%	110,991.86
2021	219,612,609.38	13.95%	151,144.26
2022-2023*	10,111,036.33	0.64%	85,686.75
Total	1,574,139,408.21	100.00%	91,434.68

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Origination and Underwriting

Sales force

- All mortgages are originated directly through Banco Desio branches
- 280 branches concentrated in North and Centre of Italy (especially in Lombardy and Umbria)

Underwriting

- Most of the approval powers are allocated to the central offices
- Depending on the characteristics of the borrower and according to the branch limits, the loan proposal is allocated to the appropriate underwriter for the credit decision
- Debt to income ratio (“DTI”) guidelines are 1/3 or less depending to the income level. The affordability analysis also includes a minimum residual net disposable income depending on other economic commitment, financial or not

Property valuation

- All mortgages properties are assessed externally by 2 independent providers “Cerved” and “Revaluta”

The underwriting process

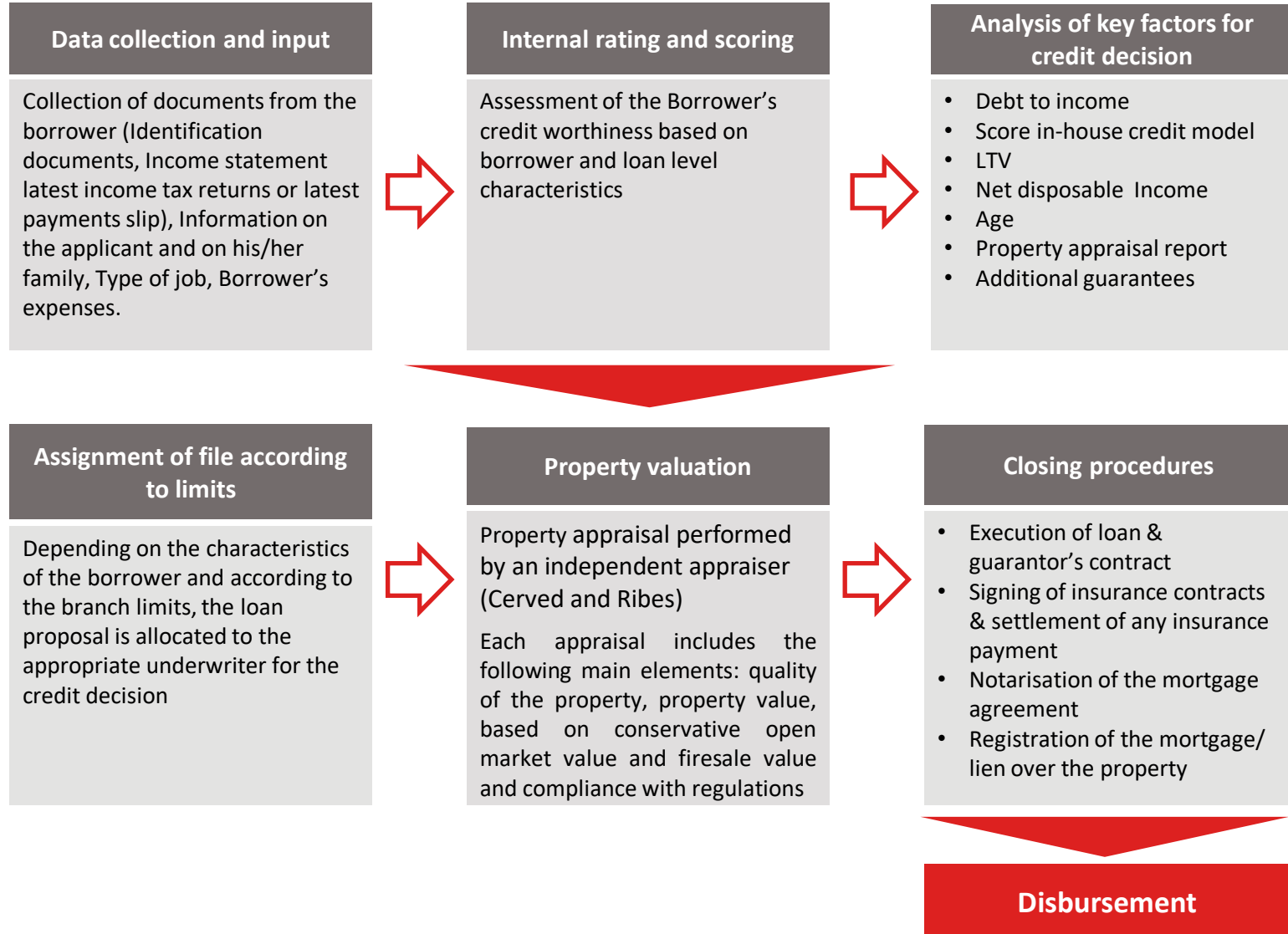


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Banco Desio

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