

To:

**Banca IFIS S.p.A.**  
Via Terraglio 63  
30174 Mestre Venezia  
Italy

18 February 2022

Dear Sir or Madam,

We refer to your letter of today, concerning the proposed execution of an agency agreement, the contents of which we transcribe herein below as a sign of our full and unconditional acceptance thereof.

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“ To:

**BNP Paribas Securities Services, Luxembourg Branch**  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

18 February 2022

Dear Sirs,

We are pleased to set out below our proposal with respect to this amendment agreement to the Third Agency Agreement (as defined below) **between:**

- (1) **Banca Ifis S.p.A.**, a bank incorporated as a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, registered with the companies register held in Venice under number 02505630109, tax code number 02505630109 and VAT number 04570150278, registered with the register of banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of Italian legislative decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”) under number 5508, parent company of the “Gruppo Banca Ifis” registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Banking Act under number 3205, having its registered office at Via Terraglio, 63, 30174 Mestre (Venice), Italy (the “**Issuer**”); and
- (2) **BNP Paribas Securities Services**, a *société en commandite par actions* (S.C.A.) incorporated under the laws of France, registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 108 011, whose registered office is at 3, Rue d’Antin – 75002 Paris, France and acting through its Luxembourg Branch whose offices are at 60, avenue J.F. Kennedy, L-1855 Luxembourg, having as postal address L-2085 Luxembourg and registered with the Luxembourg trade and companies register under number B. 86 862 (the “**Agent**” and the initial “**Paying Agent**” and, in each of such roles, “**BNPP**”).

**Whereas:**

- (A) The Issuer has established a programme (the “**Programme**”) for the issuance from time to time of Notes ( as defined below, which expression shall, if the context so admits, include the Global Notes (in temporary or permanent form) to be delivered in respect of Italian Law Notes and any related Coupons and Talons) in an aggregate nominal amount outstanding at any one time not exceeding the Programme Limit.
- (B) With reference to the Italian Law Notes, the Issuer and the Agents entered into an Agency Agreement dated 1 October 2019, as amended and restated by, respectively, the Second Agency Agreement dated 9 October 2020 and the Third Agency agreement dated 29 July 2021 (the “**Third Agency Agreement**”) in respect of the Issuer’s Programme.

- (C) The parties hereto have agreed to replace the terms and conditions for the Italian Law Notes set out in Schedule 1 to the Third Agency Agreement with the terms and conditions for the Italian Law Notes set out in Schedule 1 attached hereto to reflect the amendments to (i) the definition of Agency Agreement; and to (ii) Conditions 3 and 4 set out in the first supplement dated 18 February 2022 to the base prospectus prepared in respect of the Programme.
- (D) This amendment agreement to the Third Agency Agreement (the “**Amendment Agreement**”) amends the Third Agency Agreement. Any Italian Law Notes issued under the Programme on or after the Effective Date (as defined below) shall have the benefit of the Third Agency Agreement, as amended by this Amendment Agreement. This Amendment Agreement does not affect any Notes issued under the Programme prior to the Effective Date.

**It is agreed** as follows:

### **1. Definitions and Interpretation**

Capitalised terms used in this Amendment Agreement shall have the same meaning attributed to them in the Third Agency Agreement.

### **2. Schedule 1 – Terms and Conditions for the Italian Law Notes**

The Parties hereby acknowledge, agree and accept:

- (a) to delete in its entirety the terms and conditions for the Italian Law Notes set out in Schedule 1 to the Third Agency Agreement and replace it with the terms and conditions for the Italian Law Notes set out in Schedule 1 attached hereto with effect as of the signing date of this Amendment Agreement (the “**Effective Date**”);
- (b) reference to the Conditions throughout the Third Agency Agreement shall be construed as reference to the terms and conditions for the Italian Law Notes asset out in Schedule 1 attached hereto with effect as of the Effective Date;
- (c) any other provision of the Third Agency Agreement which has not been amended under this Amendment Agreement shall remain in full force and effect;
- (d) any Italian Law Notes issued under the Programme on or after the Effective Date shall have the benefit of the Third Agency Agreement, as amended by this Amendment Agreement; and
- (e) this Amendment Agreement does not affect any Notes issued under the Programme prior to the Effective Date.

### **3. Governing Law and Submission to Jurisdiction**

- 3.1 This Amendment Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of the Republic of Italy.
- 3.2 The courts of Milan are to have jurisdiction to settle any disputes which may arise out of or in connection with this Amendment Agreement and accordingly any legal action or proceedings arising out of or in connection with this Amendment Agreement may be brought in such courts.

## Schedule 1 Terms and Conditions for the Italian Law Notes

*The following are the Terms and Conditions applicable to each Series of Notes to be governed under Italian Law (respectively, the “Italian Law Notes” or the “Notes” and the “Terms and Conditions for the Italian Law Notes” or the “Terms and Conditions”) which, as completed by the applicable Final Terms, will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant competent authority, stock exchange and/or quotation system (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The provisions of Part A of the applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to the “Form of Final Terms” for a description of the content of Final Terms which will specify which of such terms and conditions are to apply to the relevant Notes. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions relating to the Notes in Global Form” below.*

This Note is one of a Series (as defined below) of Notes issued by Banca Ifis S.p.A. (the “**Issuer**”) pursuant to the Agency Agreement for the Italian Law Notes (as defined below).

References herein to the “Notes” shall be references to the Notes of this Series only and not to all Notes that may be issued under the Programme and shall mean:

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

Reference herein to NGN shall mean a Temporary Global Note or a Permanent Global Note in either case where the applicable Final Terms specify the Notes as being in NGN form.

The Notes and the Coupons (as defined below) have the benefit of an agency agreement dated 29 July 2021 (as amended on 18 February 2022 and as further amended and/or restated, and/or supplemented from time to time, the “**Agency Agreement for the Italian Law Notes**” or the “**Agency Agreement**”) made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent (the “**Agent**”, which expression shall include any additional or successor issuing and principal paying agent) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the “**Conditions**”). References to the “**applicable Final Terms**” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest-bearing definitive Notes have interest coupons (the “**Coupons**”) and, in the case of Notes which (when issued in definitive form) have more than 27 interest payments remaining, talons for further Coupons (the “**Talons**”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons attached on issue. Global Notes do not have Coupons or Talons attached on issue.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in

all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement for the Italian Law Notes are available for inspection free of charge during normal business hours at the specified office for the time being of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) the applicable Final Terms will be published on the website of the Euronext Dublin ([www.euronext.com/en/markets/dublin](http://www.euronext.com/en/markets/dublin)) and copies thereof are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices. If this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area or in the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement for the Italian Law Notes and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement for the Italian Law Notes.

Words and expressions defined in the Agency Agreement for the Italian Law Notes or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement for the Italian Law Notes and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Reset Rate Note, a Floating Rate Note or a Zero-Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis shown hereon.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons, Couponholders and Talons in the Conditions are not applicable.

Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

## **2. STATUS OF SENIOR NOTES**

This Condition 2 (*Status of Senior Notes*) is applicable only to Senior Notes. The Senior Notes and the Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Coupons shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application, at all times rank at least equally with its other present and future unsecured and unsubordinated obligations (other than obligations ranking, in accordance with their terms and/or by provision of law, junior to the Senior Notes from time to time (including Senior Non-Preferred Notes and any

further obligations permitted by law to rank junior to the Senior Notes following the Issue Date)) if any.

Each holder of a Senior Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Note.

For the avoidance of doubt, there is no negative pledge provisions in these Conditions.

## **2A. STATUS OF SENIOR NON-PREFERRED NOTES**

This Condition 2A (*Status of Senior Non-Preferred Notes*) is applicable only to Senior Non-Preferred Notes. Senior Non-Preferred Notes (notes intending to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under, and for the purposes of, Article 12-bis and Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority), any related Receipts and Coupons constitute direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer, ranking:

- (i) junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms and/or by provision of law, senior to the Senior Non-Preferred Notes, and
- (ii) *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Senior Non-Preferred Notes, and
- (iii) in priority to any subordinated instruments and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law, as amended from time to time, and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

Each holder of a Senior Non-Preferred Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Non-Preferred Note.

For the avoidance of doubt, there is no negative pledge provisions in these Conditions.

## **3. STATUS OF SUBORDINATED NOTES**

This Condition 3 (*Status of Subordinated Notes*) is applicable only to Subordinated Notes. Subordinated Notes and any related Coupons constitute direct, unsecured and subordinated obligations of the Issuer and, subject to the provisions of this Condition 3 (*Status of Subordinated Notes*), will at all times rank *pari passu* without any preference among themselves. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

In the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* of the Issuer), the payment obligations of the Issuer under each Series of Subordinated Notes, and the relative Coupons as the case may be, will rank in right of payment:

- (i) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes, Senior Non-Preferred Notes and their respective Coupons) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes but

- (ii) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and
- (iii) in priority to the claims of shareholders of the Issuer and to the claims of creditors of the Issuer holding instruments that are more subordinated than the Subordinated Notes.

In the event the Subordinated Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds in the form of Tier 2 Capital, such Subordinated Notes shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Senior Non-Preferred Notes) of the Issuer, *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which have ceased to qualify, in their entirety, as own funds items (*elementi di fondi propri*) and with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the relevant Subordinated Notes (which have so ceased to qualify, in their entirety, as own funds in the form of Tier 2 Capital) and senior to own fund items (*elementi di fondi propri*).

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

For the avoidance of doubt, there is no negative pledge provisions in these Conditions.

#### 4. STATUS OF ADDITIONAL TIER 1 NOTES

This Condition 4 (*Status of Additional Tier 1 Notes*) is applicable only to Additional Tier 1 Notes. The Additional Tier 1 Notes will constitute direct, unsecured and subordinated obligations of the Issuer, intended to qualify for regulatory purposes as Additional Tier 1 Capital of the Issuer and the Group in accordance with Article 52 of the CRR and Part II, Chapter 1 of Prudential Regulations for Banks and ranking:

- (i) subordinated and junior to all present or future indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer (which, for the avoidance of doubt, includes any senior non-preferred instruments of the Issuer or guarantee in respect of any such instruments), the Issuer's obligations in respect of any dated subordinated instruments, any instruments issued as Tier 2 Capital or eligible liabilities (under CRR or any other relevant regulation) of the Issuer or guarantee in respect of any such instruments (other than any instrument or contractual right ranking, or expressed to rank, *pari passu* with the Additional Tier 1 Notes);
- (ii) *pari passu* among themselves and with the Issuer's present or future obligations in respect of any Additional Tier 1 Capital instruments or any other instruments or obligations which rank or are expressed to rank *pari passu* with the Additional Tier 1 Notes or, in each case, any guarantee in respect of such instruments; and
- (iii) senior to:
  - (A) the share capital of the Issuer, including, if any, its *azioni privilegiate*, ordinary shares and *azioni di risparmio*;
  - (B) (i) any present or future securities of the Issuer (including *strumenti finanziari* issued under Article 2346, paragraph 6 of the Italian Civil Code); and (ii) any securities issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of paragraph (B)(i) above) or guarantee or similar instrument (in the case of paragraph (B)(ii) above) rank or are expressed to rank *pari passu* with the claims described under paragraph (A) above and/or otherwise junior to the Additional Tier 1 Notes.

In the event the Additional Tier 1 Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds in the form of Additional Tier 1 Capital, such Additional Tier 1 Notes shall rank subordinated and junior to unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Senior Non-Preferred Notes) of the Issuer, *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which have ceased to qualify, in their entirety, as own funds items (*elementi di fondi propri*) and with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the relevant Additional Tier 1 Notes (which have so ceased to qualify, in their entirety, as own funds in the form of Additional Tier 1 Capital) and senior to own fund items (*elementi di fondi propri*).

No security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Noteholders. In the event of the voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer that occurs after the date on which a Contingency Event occurs but before the Write-Down Effective Date, the rights and claims (if any) of the Noteholders in respect of their Additional Tier 1 Notes shall be limited to such amount, if any, as would have been payable to Noteholders on a return of assets in such voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer if the Write-Down Effective Date had occurred immediately before the occurrence of such liquidation, dissolution or winding up of the Issuer.

Each holder of an Additional Tier 1 Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Additional Tier 1 Note.

It is the intention of the Issuer that the Additional Tier 1 Notes shall, for regulatory purposes, be treated as Additional Tier 1 Capital, but the obligations of the Issuer and the rights of the Noteholders shall not be affected if the Notes no longer qualify as Additional Tier 1 Capital.

The Additional Tier 1 Notes (including, for the avoidance of doubt, payments of principal and/or interest) shall be subject to the Loss Absorption Requirement, if so required under the BRRD and/or (as applicable) the SRM Regulation, in accordance with the powers of the Relevant Authority and where the Relevant Authority determines that the application of the Loss Absorption Requirement to the Additional Tier 1 Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

For the avoidance of doubt, there is no negative pledge provisions in these Conditions.

## 5. DEFINITIONS

For the purposes of these Conditions:

“**Accrual Yield**” has the meaning given in the applicable Final Terms.

“**Additional Business Centre(s)**” means the city or cities specified as such in the applicable Final Terms.

“**Additional Financial Centre(s)**” means the city or cities specified as such in the applicable Final Terms.

“**Additional Tier 1 Capital**” has the meaning given to such term (or any other equivalent or successor term) in the Applicable Banking Regulations.

“**Additional Tier 1 Notes**” means Notes specified as such in the applicable Final Terms, being Notes intended to qualify as Additional Tier 1 capital of the Issuer or the Group in accordance with Article 52 of the CRR and Part II, Chapter 1 of Prudential Regulations for Banks.

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy including, without limitation to the generality of the foregoing, the BRRD, the BRRD Implementing Decrees, the CRD IV, the Prudential Regulations for Banks of the Bank of Italy, the Banking Reform Package, the SRM Regulation and those other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority or of the European Banking Authority or of the institutions of the European Union and/or the Republic of Italy (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group).

“**Authorised Signatory**” has the meaning given to such term in the Agency Agreement and “**Authorised Signatories**” shall be construed accordingly.

“**Bank of Italy**” means the Bank of Italy and/or any competent authority which at a future date carries out the functions which the Bank of Italy performs as at the Issue Date.

“**Banking Reform Package**” means (i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for Own Funds and eligible liabilities, counterparty credit risk, market risk, exposure to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No. 648/2012, (ii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms, (iii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, and (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC;

“**Broken Amount**” has the meaning given in the applicable Final Terms.

“**BRRD**” means Directive 2014/59/EU of the European Parliament and of the Council providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including, without limitation, as a consequence of the entry into force of the Banking Reform Package).

“**BRRD Implementing Decrees**” means the Legislative Decrees No. 180 and 181 of 16 November 2015, implementing the BRRD in the Republic of Italy, as amended or replaced from time to time (including, without limitation, as a consequence of the transposition of the Banking Reform Package into Italian law);

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

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

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

“**Calculation Agent**” means the Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest, Reset Rate and Interest Amount(s).

“**Calculation Amount**” has the meaning given to it in the applicable Final Terms.

“**Capital Event**” is deemed to have occurred if there is a change in the regulatory classification of the Additional Tier 1 Notes under the Applicable Banking Regulations that would be likely to result in their exclusion, in whole or in part, from Additional Tier 1 Capital of the Group or the Issuer (other than as a consequence of a write-down or conversion, where applicable) and, in the event of any redemption upon the occurrence of a Capital Event prior to the fifth anniversary of the Issue Date, if and to the extent then required by the Applicable Banking Regulations, both of the following conditions are met: (i) the Relevant Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority that the change in regulatory classification of the Additional Tier 1 Notes was not reasonably foreseeable as at the Issue Date;

“**CMS Rate**” means the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent and subject to Condition 6.3(x) (*Benchmark Replacement*).

“**CMS Reference Banks**” means (i) where the Reference Currency is Euro, the principal office of five major banks in the Euro-zone inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five major banks in the London inter-bank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five major banks in the Relevant Financial Centre inter-bank market, in each case selected by the Issuer.

“**Common Equity Tier 1 Capital**” has, at any time, the meaning given to such term (or any other equivalent or successor term) in the Applicable Banking Regulations.

“**Common Equity Tier 1 Capital Ratio**” means, at any time, the ratio of the Common Equity Tier 1 Capital of the Issuer or the Group, as the case may be, divided by the Risk Weighted Assets of the Issuer or the Group (as applicable) at such time, calculated by the Issuer or the Relevant Authority in accordance with the Applicable Banking Regulations.

“**Consolidated Banking Law**” means Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time (including, without limitation, as a consequence of the transposition of the Banking Reform Package into Italian law).

“**Consolidated Net Banking Income**” means, in respect of any Relevant Period, the consolidated net banking income of the Group for that Relevant Period.

“**Consolidated Profit Before Tax**” means, in respect of any Relevant Period, the consolidated profit before tax from continuing operations of the Group for that Relevant Period.

“**Consolidated Total Assets**” means, in respect of any Relevant Period, the consolidated total assets of the Group as at the end date of that Relevant Period.

“**Contingency Event**” has the meaning given to such term in Condition 8.2 (*Loss absorption*).

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note.

“**CRD IV**” means the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

“**CRD IV Directive**” means Directive 2013/36 of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended, supplemented or replaced from time to time, including any successor regulations (including, without limitation, as a consequence of the entry into force of the Banking Reform Package).

“**CRD IV Implementing Measures**” means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Bank of Italy, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or, if applicable, the Issuer together with its consolidated Subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or, if applicable, consolidated basis).

“**CRR**” means Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending

Regulation No. 648/2012, as amended, supplemented or replaced from time to time, including any successor regulations (including, without limitation, as a consequence of the entry into force of the Banking Reform Package).

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

- (i) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/Actual (ICMA)**” is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) If “**Actual/365 (Fixed)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (iv) If “**Actual/360**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (v) If “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

Where:

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

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

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

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

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

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (vi) If “**30E/360**” or “**Eurobond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

Where:

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

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

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

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

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

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

- (vii) If “**30E/360 (ISDA)**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

Where:

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

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

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

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

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

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

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

“**Designated Maturity**” has the meaning given in the applicable Final Terms.

“**Early Redemption Amount (Regulatory Event)**” means in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms.

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms.

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

“**Equal Loss Absorbing Instrument**” means at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer (other than the Additional Tier 1 Notes) which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion into Ordinary Shares of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group falling below a level that is equal to 5.125%, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

“**EURIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

“**Euro**” or “**euro**” or “**€**” means the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

“**Event of Default**” has the meaning given to that term in Condition 14 (*Events of Default*).

“**Extraordinary Resolution**” has the meaning given to that term in the Agency Agreement for the Italian Law Notes.

“**Final Redemption Amount**” means, in respect of any Note, its principal amount.

“**Fixed Coupon Amount**” has the meaning given in the applicable Final Terms.

“**Full Loss Absorbing Instruments**” has the meaning given to such term in Condition 8.2 (*Loss absorption*).

“**Group**” means the Issuer and its Subsidiaries from time to time (if any).

**“Indebtedness”** means any present or future indebtedness (whether principal, premium, interest or other amounts) for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing.

**“Initial Principal Amount”** means, in respect of an Additional Tier 1 Note, or as the case may be, a Written-Down Additional Tier 1 Instrument, the principal amount of such Additional Tier 1 Note or Written-Down Additional Tier 1 Instrument, as at the Issue Date or the issue date of the Written-Down Additional Tier 1 Instrument, as applicable.

**“Initial Rate of Interest”** has the meaning given in the applicable Final Terms.

**“Interest Amount”** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period.

**“Interest Basis”** has the meaning given in the applicable Final Terms.

**“Interest Commencement Date”** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the applicable Final Terms.

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

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

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

**“Interest Period”** means each period from (and including) the Interest Commencement Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

**“Intermediate Holding Company”** means a Subsidiary of the Issuer which itself has one or more Subsidiaries.

**“ISDA Definitions”** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the applicable Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

“**Issue Date**” has the meaning given in the applicable Final Terms.

“**Issue Price**” has the meaning given in the applicable Final Terms.

“**Italian Civil Code**” means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

“**LIBOR**” means, in respect of any specified currency and any specified period, the London inter-bank offered rate for that currency and period displayed on the appropriate page (being currently Reuters screen page LIBOR01 or LIBOR02) on the information service which publishes that rate.

“**Liquidazione Coatta Amministrativa**” means Liquidazione Coatta Amministrativa as described in Articles 80 to 94 of the Consolidated Banking Law.

“**Loss Absorbing Instrument**” means an Equal Loss Absorbing Instrument and/or a Prior Loss Absorbing Instrument, as applicable.

“**Loss Absorption Event Notice**” means a notice which specifies that a Contingency Event has occurred, the Write-Down Amount (as a percentage of the Initial Principal Amount resulting in a *pro rata* decrease in the Prevailing Principal Amount of each Additional Tier 1 Note), including the method of calculation of the Write-Down Amount, and the Write-Down Effective Date.

“**Loss Absorption Requirement**” means the power of the Relevant Authority to require that Own Funds instruments or other liabilities of the Issuer or entities of the Group (as the case may be) are subject to full or partial write-down of the principal or conversion into instruments treated as Common Equity Tier 1 Capital or other instruments of ownership.

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

“**Material Subsidiary**” means, at any time, any Subsidiary of the Issuer which accounts for 15 per cent. or more of the Consolidated Net Banking Income, Consolidated Profit Before Tax or Consolidated Total Assets and, for these purposes:

- (i) the Consolidated Net Banking Income, Consolidated Profit Before Tax or Consolidated Total Assets will be determined by reference to the then latest audited consolidated annual financial statements of the Group (the “Relevant Consolidated Financial Statements”);
- (ii) the net banking income or operating income, profit from continuing operations before tax and total assets of each Subsidiary (the “Relevant Line Items”) will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary and those of its own Subsidiaries (if any), in each case upon which the Relevant Consolidated Financial Statements have been based,

*provided that:* (A) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the Relevant Line Items of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries; (B) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the Consolidated Net Banking Income, Consolidated Total Assets or Consolidated Profit Before Tax and/or the Relevant Line Items of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (C) where an Intermediate Holding Company has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary.

“**Maturity Date**” has the meaning given in the applicable Final Terms.

“**Maturity Period**” means the period from and including the Issue Date to but excluding the Maturity Date.

**“Maximum Distributable Amount”** means any applicable maximum distributable amount relating to the Issuer and/or the Group, as the case may be, required to be calculated in accordance with the CRD IV Directive and/or any other Applicable Banking Regulation (s) (or any provision of Italian law transposing or implementing the CRD IV Directive and/or, if relevant, any other Applicable Banking Regulation(s)) if the Issuer and/or the Group is failing to meet any applicable requirements or any buffers relating to such requirements (including, without limitation, the maximum distributable amount (MDA) required to be calculated in accordance with Article 141 of the CRD IV Directive, the maximum distributable amount related to the minimum requirement for Own Funds and eligible liabilities (M-MDA) required to be calculated in accordance with Article 16a of the BRRD, if a corresponding payment restriction provision is applicable to the Issuer or the Group (as the case may be) at that point in time.

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

**“Maximum Write-Up Amount”** means:

- (a) if the Relevant Net Banking Income for the relevant Write-Up is equal to the Consolidated Net Banking Income, the Consolidated Net Banking Income multiplied by the sum of the aggregate Initial Principal Amount of the Additional Tier 1 Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Group, and divided by the total Tier 1 Capital of the Group as at the date of the relevant Write-Up; or
- (b) if the Relevant Net Banking Income for the relevant Write-Up is equal to the Net Banking Income, the Net Banking Income multiplied by the sum of the aggregate Initial Principal Amount of the Additional Tier 1 Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Issuer, and divided by the total Tier 1 Capital of the Issuer as at the date of the relevant Write-Up.

**“Mid Swap Benchmark Rate”** means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not Euro.

**“Mid Swap Maturity”** has the meaning specified in the applicable Final Terms.

**“Mid Swap Rate”** means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term equal to the relevant Reset Period commencing on the relevant Reset Date; (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

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

**“MREL Disqualification Event”** means that, by reason of the introduction of or a change in MREL Requirements, which was not reasonably foreseeable by the Issuer at the Issue Date of the Senior Notes or Senior Non-Preferred Notes, all or part of the aggregate outstanding nominal amount of such Series of Senior Notes or Senior Non-Preferred Notes are or will be excluded fully or partially from the eligible liabilities available to meet the MREL Requirements. For the avoidance of doubt: (a) the exclusion of a Series of Senior Notes or Senior Non-Preferred Notes from the MREL Requirements due to the remaining maturity of such Senior Notes or Senior Non-Preferred Notes being less than any period prescribed thereunder, does not constitute a MREL Disqualification Event; and (b) the exclusion of all or some of a Series of Senior Notes from the MREL Requirements due to there being insufficient headroom for such Senior Notes within a

prescribed exception to the otherwise applicable general requirements for eligible liabilities does not constitute an MREL Disqualification Event.

“**MREL Requirements**” means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the Issuer and/or the Group, from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy or the Relevant Authority or a Relevant Resolution Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time.

“**Net Banking Income**” means, in respect of any Relevant Period, the non-consolidated net banking income of the Issuer for that Relevant Period.

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms.

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms.

“**Optional Redemption Date(s) (Call)**” has the meaning given in the applicable Final Terms.

“**Optional Redemption Date(s) (Put)**” has the meaning given in the applicable Final Terms.

“**Ordinary Shares**” means the ordinary shares of the Issuer.

“**Own Funds**” has the meaning given to such term (or any equivalent or successor term) in the Applicable Banking Regulations.

“**Participating Member State**” means a Member State of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty.

“**Payment Business Day**” means:

- (i) if the currency of payment is Euro, any day which is:
  - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (b) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

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

“**Prevailing Principal Amount**” means, in respect of an Additional Tier 1 Note on any date, the Initial Principal Amount of such Additional Tier 1 Note as reduced from time to time (on one or more occasions) pursuant to a Write-Down and/or reinstated from time to time (on one or more occasions) pursuant to a Write-Up in each case on or prior to such date.

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

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

“**Prior Loss Absorbing Instrument**” means, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Notes) issued directly or indirectly by the Issuer which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion into Ordinary Shares of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group falling below a level that is higher than 5.125%, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

“**Prudential Regulations for Banks**” means the Bank of Italy’s *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations.

“**Put Option Notice**” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder.

“**Put Option Receipt**” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder.

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

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory Event), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount.

“**Reference Banks**” has the meaning given in the applicable Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Issuer in the market that is most closely connected with the Reference Rate or Mid Swap Rate.

“**Reference Bond**” means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is Euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as

having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period.

“**Reference Currency**” has the meaning given in the applicable Final Terms.

“**Reference Price**” has the meaning given in the applicable Final Terms.

“**Reference Rate**” means EURIBOR, LIBOR, CMS Rate or SONIA as specified in the applicable Final Terms in respect of the currency and period specified in the applicable Final Terms.

“**Relevant Net Banking Income**” means the lower of the Net Banking Income and the Consolidated Net Banking Income.

“**Regular Period**” means:

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

“**Regulatory Event**” is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes after the Issue Date that would be likely to result in their exclusion, in whole or in part, from Tier 2 Capital of the Issuer and, in case the Regulatory Event has occurred before five years from the issue of the relevant Subordinated Notes, both of the following conditions are met: (i) the Relevant Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

“**Relevant Authority**” means the Bank of Italy or such other authority (including the European Central Bank) having primary responsibility for prudential oversight and supervision of the Issuer and/or the Group from time to time and/or, as the context may require, the “resolution authority” or the “competent authority” as defined under BRRD and/or SRM Regulation.

“**Relevant Resolution Authority**” means the Italian resolution authority, the Single Resolution Board (SRB) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Bail-in Power from time to time.

“**Relevant Date**” means, in relation to any payment, whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders and Couponholders in accordance with Condition 15 (*Notices*).

“**Relevant Financial Centre**” has the meaning given in the applicable Final Terms.

**“Relevant Indebtedness”** means any Indebtedness which is in the form of or represented by, any note, bond, debenture, debenture stock, loan stock, certificate or other security or instrument which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange, over-the-counter or other securities market.

**“Relevant Jurisdiction”** means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes or the Coupons.

**“Relevant Period”** means a twelve-month period ending on 31 December in each year.

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

**“Relevant Swap Rate”** means:

- (i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed for floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (a) if the Designated Maturity is greater than one year, to GBP LIBOR BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (b) if the Designated Maturity is one year or less, to GBP LIBOR BBA with a designated maturity of three months;
- (iii) where the Reference Currency is U.S. dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD LIBOR BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

**“Relevant Time”** has the meaning given in the applicable Final Terms.

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“**Reserved Matter**” has the meaning given to it in the Agency Agreement for the Italian Law Notes and includes any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution.

“**Reset Date(s)**” means the date(s) specified in the applicable Final Terms.

“**Reset Determination Date**” means, for each Reset Period, the date as specified in the applicable Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined.

“**Reset Margin**” means the margin specified as such in the applicable Final Terms.

“**Reset Period**” means the period from (and including) the first Reset Date to (but excluding) the Maturity Date if there is only Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date up to (but excluding) the Maturity Date.

“**Reset Rate**” for any Reset Period means the sum of (i) the applicable Reset Reference Rate and (ii) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down).

“**Reset Rate Screen Page**” has the meaning specified in the applicable Final Terms.

“**Reset Rate Time**” has the meaning specified in the applicable Final Terms.

“**Reset Reference Rate**” means either:

- (i) if “Mid Swaps” is specified in the applicable Final Terms, the Mid Swap Rate displayed on the Reset Rate Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (ii) if “Reference Bond” is specified in the applicable Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

“**Risk Weighted Assets**” means, at any time, the aggregate amount of the risk weighted assets of the Issuer or the Group, as the case may be, at such time calculated by the Issuer in accordance with the Applicable Banking Regulations, which calculation shall be binding on Noteholders.

“**Senior Non-Preferred Notes**” means Notes specified in the applicable Final Terms as Senior Non-Preferred obligations and intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under, and for the purposes of, Article 12-*bis* and Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, as amended from time to time, and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority.

“**Senior Note**” means a Note specified in the applicable Final Terms as being Senior Notes (and, for the avoidance of doubt, excludes Senior Non-Preferred Notes).

“**Specified Currency**” has the meaning given in the applicable Final Terms.

“**Specified Denomination(s)**” has the meaning given in the applicable Final Terms.

“**Specified Office**” has the meaning given in the Agency Agreement for the Italian Law Notes.

“**Specified Period**” has the meaning given in the applicable Final Terms.

“**SRM**” means the Single Resolution Mechanism established pursuant to Regulation (EU) No. 806/2014 of the European Parliament and of the Council, as amended, supplemented or replaced from time to time.

“**SRM Regulation**” means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time (including by SRM II Regulation);

“**SRM II Regulation**” means Regulation (EU) No. 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms;

“**Subordinated Notes**” means Notes specified as such in the applicable Final Terms, being Notes intended to qualify as Tier 2 Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Prudential Regulations for Banks and Article 63 of the CRR.

“**Subsidiary**” means, in respect of the Issuer at any particular time, any *società controllata*, as defined in Article 2359 of the Italian Civil Code.

“**Talon**” means a talon for further Coupons.

“**TARGET Settlement Day**” means any day on which the TARGET System is open for the settlement of payments in euro.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system.

“**Tier 1 Capital**” has the meaning given to it by (i) the Relevant Authority from time to time or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable;

“**Tier 2 Capital**” has the meaning given to it by (i) the Relevant Authority from time to time or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable.

“**Treaty**” means the Treaty establishing the European Union, as amended.

“**Written-Down Additional Tier 1 Instrument**” means an instrument (other than the Additional Tier 1 Notes) issued directly or indirectly by the Issuer and qualifying as Additional Tier 1 Capital of the Issuer or, as applicable, the Group that, as at the time immediately prior to the relevant Write-Up, has a Prevaling Principal Amount lower than the Initial Principal Amount due to a write-down and that has terms permitting a principal write-up to occur on a basis similar to that set out in Condition 8.4 (*Reinstatement of principal amount*) in the circumstances existing on the date of the relevant Write-Up.

“**Write-Down Effective Date**” means the date on which the Write-Down will take effect.

“**Write-Down Amount**” means the amount by which the then Prevaling Principal Amount of each outstanding Additional Tier 1 Note is to be Written Down with effect as of the Write-Down Effective Date on a *pro rata* basis pursuant to a Write-Down, being:

- (i) the amount that (together with (a) the concurrent Write-Down of the other Additional Tier 1 Notes and (b) the concurrent or substantially concurrent write-down (or write-off) or conversion to the extent possible of any Loss Absorbing Instruments) would be sufficient to cure the Contingency Event(s); or

- (ii) if that Write-Down (together with (a) the concurrent Write-Down of the other Additional Tier 1 Notes and (b) the concurrent or substantially concurrent write-down (or write-off) or conversion of any Loss Absorbing Instruments) would be insufficient to cure the Contingency Event(s), or the Contingency Event(s) is not capable of being cured, the amount necessary to reduce the Prevailing Principal Amount to the sub-unit of the Specified Currency.

“**Zero Coupon Note**” means a Note specified as such in the applicable Final Terms.

Save as the context otherwise provides, any reference in these Conditions to a provision of law, decree or regulation is a reference to that provision as amended or re-enacted.

## 6. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Reset Rate Notes, Floating Rate Notes, CMS Linked Interest Notes or Zero Coupon Note.

### 6.1 Fixed Rate Note provisions

#### (i) *Application*

This Condition 6.1 (*Fixed Rate Note Provisions*) is applicable to the Notes only if (a) the Fixed Rate Note Provisions are specified in the applicable Final Terms as being applicable or (b) if a Change of Interest Basis is specified in the applicable Final Terms as being applicable, in respect of those Interest Periods for which the Fixed Rate Note Provisions are stated to apply.

#### (ii) *Interest Accrual*

The Notes bear interest from the Interest Commencement Date at the Rate of Interest (in respect of the relevant Interest Period) payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused or unless default is otherwise made in respect of payment. In such events, it will continue to bear interest in accordance with this Condition 6.1 (*Fixed Rate Note Provisions*) (both before and after judgment) until whichever is the earlier of:

- (i) the day on which all amounts due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (ii) the day falling seven calendar days after the Agent has notified the Noteholders of receipt of all sums due in respect of all Notes up to that seventh calendar day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 15 (*Notices*).

#### (iii) *Fixed Coupon Amount*

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

#### (iv) *Calculation of Interest Amount*

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “sub-unit” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent. Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the Amount of interest payable in respect of such Fixed Rate

Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

## 6.2 Reset Rate Note Provisions

### (i) Application

This Condition 6.2 (*Reset Rate Note Provisions*) is applicable to the Notes only if the applicable Final Terms specifies the Interest Basis reset on Reset Date as being applicable.

### (ii) Interest Basis Reset Provisions

The Notes will bear interest in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter) at the relevant Reset Rate (to be determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 6.2) payable, subject as provided in Condition 9 (*Payments*), in arrears on the Interest Payment Date(s) specified in the applicable Final Terms.

### (iii) Interest Accrual

The Notes bear interest from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Issue Date), at the Initial Rate of Interest payable, subject as provided in Condition 9 (*Payments*), in arrears on the Interest Payment Date specified in the applicable Final Terms. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused or unless default is otherwise made in respect of payment. In such events, it will continue to bear interest in accordance with this Condition 6.2 (both before and after judgment) until whichever is the earlier of:

- (i) the day on which all amounts due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (ii) the day falling seven calendar days after the Agent has notified the Noteholders of receipt of all sums due in respect of all Notes up to that seventh calendar day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 15 (*Notices*).

### (iv) Reset Rate Screen Page

Subject to Condition 6.3(x) (*Benchmark Replacement*), if the Reset Rate Screen Page is not available, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reset Reference Rate at approximately the Reset Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the foregoing provisions of this Condition 6.2 (*Reset Rate Note Provisions*), the Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Reset Rate shall be the Initial Rate of Interest.

### (v) Calculation of Interest Amount

The Calculation Agent will calculate the Interest Amount payable on the Reset Rate Notes for each relevant period (in the case of Interest Periods falling after the Reset Date, as soon as practicable after the time at which the Reset Reference Rate is to be determined in relation to such Reset Interest Period) by applying the Initial Rate of Interest or the applicable Reset Rate (as the case

may be) to the Calculation Amount and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(vi) *Publication*

The Calculation Agent will cause each Reset Rate and each Interest Amount determined by it for each Reset Period, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Reset Rate, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(vii) *Notifications*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.2 (*Reset Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

### **6.3 Floating Rate and CMS Linked Interest Note Provisions**

(i) *Application*

This Condition 6.3 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if (a) the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable or (b) if a Change of Interest Basis is specified in the applicable Final Terms as being applicable, in respect of those periods for which the Floating Rate Note Provisions or the CMS Linked Interest Note Provisions are stated to apply.

(ii) *Interest Accrual*

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused or unless default is otherwise made in respect of payment. In such events, it will continue to bear interest in accordance with this Condition 6.3 (*Floating Rate and CMS Linked Interest Note Provisions*) (both before and after judgment) until whichever is the earlier of:

- (i) the day on which all amounts due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (ii) the day falling seven calendar days after the Agent has notified the Noteholders of receipt of all sums due in respect of all Notes up to that seventh calendar day (except to the extent

that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 15 (*Notices*).

*(iii) Screen Rate Determination for Floating Rate Notes other than CMS Linked and SONIA Linked Interest Notes*

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and “CMS Rate” or “SONIA” is not specified as the Reference Rate in the applicable Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis, subject to Condition 6.3(x) (*Benchmark Replacement*):

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
  - (a) the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide the Calculation Agent with a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (b) the Calculation Agent will determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

*(iv) a) Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes*

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and “CMS Rate” is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 6.3(x) (*Benchmark Replacement*):

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice.

*b) Screen Rate Determination for Floating Rate Notes which are linked to SONIA*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and “SONIA” is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest applicable to the Notes for each Interest Period shall be Compounded Daily SONIA plus or minus the Margin (if any) as specified in the applicable Final Terms, subject to Condition 6.3(x) (*Benchmark Replacement*).

If in respect of any Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) determines that the applicable SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, the SONIA Reference Rate in respect of such Business Day shall be: (A) (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on such Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or (B) if such Bank Rate is not available, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

Where the SONIA Reference Rate is being determined in accordance with the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined; or (ii) any rate that is to replace the SONIA Reference Rate, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA Reference Rate for any Business Day “i” for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors. In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms), subject to Condition 6.3(x) (*Benchmark Replacement*), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue

for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (including applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period). If the relevant Series of Notes become due and payable in accordance with Condition 14 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remain outstanding, be that determined on such date. For the purposes of this paragraph 6.3(iv)(b):

“**Compounded Daily SONIA**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the third decimal place, with 0.0005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( \frac{1 + \text{SONIA}_i - \text{pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

“**d**” is the number of calendar days in the relevant Interest Period;

“**do**” is the number of Business Days in the relevant Interest Period;

“**i**” is a series of whole numbers from one to do, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

“**LBD**” means a Business Day;

“**ni**”, for any day “**i**”, means the number of calendar days from and including such day “**i**” up to but excluding the following LBD;

“**i**”, means the number of calendar days from and including such Business Day “**i**” up to but excluding the following Business Day;

“**p**” means for any Interest Period, 5 (five) Business Days or such other number of Business Days as specified in the applicable Final Terms provided that such number shall not be less than 5 (five) Business Days unless otherwise agreed between the Issuer and the Agent; and

“**Observation Period**” means, in respect of an Interest Period, the period from and including the date falling “**p**” Business Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling “**p**” Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

“**SONIA Reference Rate**” means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

“**SONIAi-pLBD**” means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling, in the relevant Observation Period, “**p**” Business Days prior to that Business Day “**i**”.

(v) *ISDA Determination*

If ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in

relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the applicable Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the applicable Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the applicable Final Terms.

(vi) *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(vii) *Calculation of Interest Amount*

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified currency (half a sub-unit being rounded upwards). For this purpose a “**sub-unit**” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent. Where the Specified Denomination of a Floating Rate Note or CMS Linked Interest Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(viii) *Publication*

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(ix) *Notifications*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.3 (*Floating Rate and CMS Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be

binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(x) *Benchmark Replacement*

Notwithstanding the provisions in Conditions 6 (*Reset Rate Note Provisions*) and 6.3 (*Floating Rate Notes and CMS Linked Interest Note Provisions*), if the Issuer (in consultation with the Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Original Reference Rate, then the following provisions shall apply:

- (1) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Benchmark Rate no later than 5 Business Days prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable) (the “**IA Determination Cut-off Date**”) for purposes of determining the Rate of Interest applicable to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 6.3(x) (*Benchmark Replacement*));
- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Benchmark Rate prior to the IA Determination Cut-off Date, then the Issuer (acting in good faith and a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Benchmark Rate no later than 2 Business Days prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable);
- (3) if a Successor Rate or, failing which, an Alternative Benchmark Rate is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Benchmark Rate shall be the Reference Rate or Mid-Swap Benchmark Rate (as applicable) in relation to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 6.3(x) (*Benchmark Replacement*)); *provided, however*, that if sub-paragraph (2) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Benchmark Rate prior to the Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable), the Rate of Interest applicable to such next succeeding Reset Period or Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Reset Period or Interest Period as applicable (which may be the Initial Rate of Interest) (though substituting, where a different Margin is to be applied to the relevant Reset Period or Interest Period from that which applied to the last preceding Reset Period or Interest Period, the Margin relating to the relevant Reset Period or Interest Period, in place of the Margin relating to that last preceding Reset Period or Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (3) shall apply to the relevant Interest Period or Reset Period (as applicable) only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6.3(x) (*Benchmark Replacement*);
- (4) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Benchmark Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be) may also, following consultation with the Agent (or the person specified in the applicable Final Terms as the party responsible for

calculating the Rate of Interest and the Interest Amount(s)), specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Reset Determination Date, Interest Determination Date and/or the definition of Mid Swap Benchmark Rate or Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Benchmark Rate, which changes shall apply to the Notes for all future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of this Condition 6.3(x) (*Benchmark Replacement*)). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Benchmark Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement for the Italian Law Notes and these Conditions as may be required in order to give effect to this Condition 6.3(x) (*Benchmark Replacement*). No Noteholder consent shall be required in connection with effecting the Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Agent (if required)); and

- (5) following the determination of any Successor Rate or Alternative Benchmark Rate, the Issuer shall promptly give notice thereof and of any changes pursuant to subparagraph (4) above to the Agent and the Noteholders.

Notwithstanding any other provision of this Condition 6.3(x) (*Benchmark Replacement*): (i) no Successor Rate or Alternative Benchmark Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 6.3(x) (*Benchmark Replacement*), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes or Senior Non-Preferred Notes, satisfying the MREL Requirements; (B) in the case of Subordinated Notes, Tier 2 Capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes and Senior Non-Preferred Notes only, no Successor Rate or Alternative Benchmark Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 6.3(x) (*Benchmark Replacement*), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Authority or, if applicable, the Relevant Resolution Authority treating a Reset Date or an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

For the purposes of this Condition 6.3(x) (*Benchmark Replacement*):

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Benchmark Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor

Rate or the Alternative Benchmark Rate (as applicable); or (if the Independent Adviser or the Issuer, as applicable, determines that no such spread is in customary market usage) the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as the case may be).

“**Alternative Benchmark Rate**” means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of eurobonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or Reset Period (as applicable), or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the Original Reference Rate.

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or being subject to a material change;
- (ii) a public statement by the administrator of the Original Reference Rate that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate), *provided that* a Benchmark Event will occur on the date which is the later of (a) the date of the public statement referenced herein and (b) the date on which the administrator ceases publishing the Original Reference Rate permanently or indefinitely; or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued, *provided that* a Benchmark Event will occur on the date which is the later of (a) the date of the public statement referenced herein and (b) the date on which the Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a resolution authority with jurisdiction over the administrator of the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, which states that the administrator of the Original Reference Rate has ceased or will, within a specified period of time, cease to provide the Original Reference Rate permanently or indefinitely, provided that, at the time of cessation, there is no successor administrator that will continue to provide the Original Reference Rate and *further provided that* a Benchmark Event will occur on the date which is the later of (a) the date of the public statement referenced herein and (b) the date on which the administrator ceases to provide the Original Reference Rate permanently or indefinitely;
- (vi) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Notes *provided that* a Benchmark Event will occur on the date which is the later of (a) the date of the public statement referenced herein and (b) the date on which

the Original Reference Rate is prohibited from being used or its use is subject to restrictions or adverse consequences either generally, or in respect of the Notes; or

- (vii) it has become unlawful (including, without limitation, under the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time, if applicable) for any Paying Agent, Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

“**Original Reference Rate**” means:

- (i) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes as specified in the applicable Final Terms.
- (ii) any Successor Rate or Alternative Benchmark Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 6.3(x) (*Benchmark Replacement*).

“**Relevant Nominating Body**” means, in respect of a reference rate or mid-swap floating leg benchmark rate:

- (i) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid swap floating leg benchmark rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap floating leg benchmark rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate or Mid-Swap Benchmark Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

## 6.4 Change of Interest Basis

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 6.1 (*Fixed Rate Note Provisions*) or Condition 6.3 (*Floating Rate and CMS Linked Interest Note Provisions*), each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer’s Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a “**Switch Option**”), having given notice to the Noteholders in accordance with Condition 15 (*Notices*) on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms (including different Fixed Rates or Floating Rates in respect of Fixed Rate Notes or Floating Rate Notes respectively) to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch

Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

“**Switch Option Expiry Date**” and “**Switch Option Effective Date**” shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Condition and in accordance with Condition 15 (*Notices*) prior to the relevant Switch Option Expiry Date.

## **6.5 Zero Coupon Notes Provisions**

### *(i) Application*

This Condition 6.5 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the applicable Final Terms as being applicable.

### *(ii) Late Payment on Zero Coupon Notes*

If the Redemption Amount payable in respect of any Zero-Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (a) the day on which all amounts due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day falling seven calendar days after the Agent has notified the Noteholders of receipt of all sums due in respect of all Notes up to that seventh calendar day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 15 (*Notices*).

## **7. INTEREST AND INTEREST CANCELLATION PROVISIONS IN RESPECT OF ADDITIONAL TIER 1 NOTES**

### **7.1 Application**

This Condition 7 (*Interest and Interest Cancellation Provisions in respect of Additional Tier 1 Notes*) is applicable to the Additional Tier 1 Notes only. The application of Condition 6 (*Interest*) to Additional Tier 1 Notes is subject to this Condition 7.

### **7.2 Calculation of Interest Amount**

Subject to Condition 7.5 (*Cancellation of Interest Amounts*) and Condition 9 (*Payments*), the amount of interest payable in respect of an Additional Tier 1 Note for any period shall be calculated by the Calculation Agent by:

- (a) applying the applicable Rate of Interest to the Prevailing Principal Amount of such Additional Tier 1 Note;
- (b) multiplying the product thereof by the Day Count Fraction; and
- (c) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

### 7.3 Calculation of Interest Amount in case of Write-Down

Subject to Condition 7.5 (*Cancellation of Interest Amounts*), in the event that a Write-Down occurs during an Interest Period, any accrued and unpaid interest shall be cancelled pursuant to Condition 8.2(c) (*Loss absorption*) and the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 7.2 (*Calculation of Interest Amount*), provided that the Day Count Fraction shall be determined as if such Interest Period started on, and included, the Write-Down Effective Date.

### 7.4 Calculation of Interest Amount in case of Write-Up

Subject to Condition 7.5 (*Cancellation of Interest Amounts*), in the event that a Write-Up occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated as the sum (rounding the resulting figure to the nearest cent, with half a cent being rounded upwards) of the following:

- (a) the product of the applicable Rate of Interest, the Prevailing Principal Amount before such Write-Up, and the Day Count Fraction (determined as if the Interest Period ended on, but excluded, the date of such Write-Up); and
- (b) the product of the applicable Rate of Interest, the Prevailing Principal Amount after such Write-Up, and the Day Count Fraction (determined as if the Interest Period started on, and included, the date of such Write-Up).

### 7.5 Cancellation of Interest Amounts

The Issuer may at any time elect at its full discretion to cancel (in whole or in part) for an unlimited period and on a non-cumulative basis the Interest Amounts otherwise scheduled to be paid on an Interest Payment Date.

Without prejudice to (i) such full discretion of the Issuer to cancel the Interest Amounts and (ii) the prohibition on making payments on the Additional Tier 1 Notes pursuant to any provisions of Italian law implementing Article 141(2) of the CRD IV, as amended or replaced and, if relevant, in any other similar payment restriction provision(s) under the Applicable Banking Regulations, before the Maximum Distributable Amount is calculated, payment of Interest Amounts on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts:

- (a) when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year and any potential write-ups exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items; and/or
- (b) when aggregated together with other distributions of the Issuer or the Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV and, if relevant, in any other similar payment restriction provision(s) under the Applicable Banking Regulations (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV, as amended or replaced) and, if relevant, such other provision(s) and the amount of any write-up (if applicable), would, if paid, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Group to be exceeded; and/or
- (c) are required to be cancelled (in whole or in part) by an order to the Issuer from the Relevant Authority.

As set out in Condition 8.2 (*Loss absorption*), if a Contingency Event occurs, accrued and unpaid interest to (but excluding) the Write-Down Effective Date shall be cancelled.

Notice of any cancellation of payment of a scheduled Interest Amount must be given to the Noteholders (in accordance with Condition 15 (*Notices*)) and the Agent as soon as possible, but not

more than 60 calendar days, prior to the relevant Interest Payment Date. Such notice shall specify the amount of the relevant cancellation. Any failure by the Issuer to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose. In the absence of any notice of cancellation being given, the fact of non-payment (in whole or in part) of the relevant Interest Amount on the relevant Interest Payment Date shall be evidence of the Issuer having elected or being required to cancel such distributions payment in whole or in part, as applicable.

For the avoidance of doubt (i) the cancellation of any Interest Amounts in accordance with this Condition 7.5 (*Cancellation of Interest Amounts*) or Condition 8.2 (*Loss absorption*) shall not constitute a default for any purpose on the part of the Issuer and (ii) interest on the Additional Tier 1 Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of such amounts shall be fully and irrevocably forfeited and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof.

For the purposes of this Condition, “**Distributable Items**” means, subject as otherwise defined in the Applicable Banking Regulations from time to time, in relation to interest otherwise scheduled to be paid on an Interest Payment Date:

- (a) an amount equal to the Issuer’s profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of Own Funds instruments (which, for the avoidance of doubt, excludes any such distributions paid or made on Tier 2 Capital instruments or any such distributions which have already been provided for, by way of deduction, in calculating the amount of Distributable Items); less
- (b) an amount equal to any losses brought forward, any profits which are non-distributable pursuant to applicable European Union or Italian law or the by-laws of the Issuer from time to time and any sums placed to non-distributable reserves in accordance with applicable Italian law or the by-laws of the Issuer from time to time, in each case with respect to the specific category of Own Funds instruments to which European Union or Italian law or the by-laws of the Issuer or statutes relate,

those profits, losses and reserves being determined on the basis of the Issuer’s non-consolidated accounts.

Notwithstanding the above, the determination of Distributable Items shall be based on the Applicable Banking Regulations at the time of the determination and, accordingly, only those amounts shall be added or deducted that may be added or have to be deducted (as the case may be) for the purposes of determining the amounts distributable on Additional Tier 1 Capital under the Applicable Banking Regulations.

## **7.6 No restriction following cancellation of Interest Amounts**

In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, it will not give rise to any contractual restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Additional Tier 1 Notes (or, for the avoidance of doubt, Tier 2 Capital instruments).

## 8. LOSS ABSORPTION AND REINSTATEMENT OF PRINCIPAL AMOUNT

### 8.1 Application

This Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) is applicable to the Additional Tier 1 Notes only. The application of Condition 6 (*Interest*) to Additional Tier 1 Notes is subject to this Condition 8.

### 8.2 Loss absorption

If, at any time, the Common Equity Tier 1 Capital Ratio of the Issuer or the Group falls below 5.125% (“**Contingency Event**”), the Issuer shall:

- (a) immediately notify the Relevant Authority of the occurrence of the relevant Contingency Event;
- (b) as soon as reasonably practicable deliver a Loss Absorption Event Notice to Noteholders (in accordance with Condition 15 (*Notices*)), the Agent and the Paying Agents (provided that failure or delay in delivering a Loss Absorption Event Notice shall not constitute a default for any purpose or in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down);
- (c) cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and
- (d) without delay, and in any event within one month (or such shorter period as the Relevant Authority may require) from the determination that the relevant Contingency Event has occurred, reduce the then Prevailing Principal Amount of each Additional Tier 1 Note by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly).

Whether a Contingency Event has occurred at any time shall be determined by the Issuer, the Relevant Authority or any agent appointed for such purpose by the Relevant Authority.

For the avoidance of doubt, even if the cancellation of interest pursuant to Condition 8.2(c) (*Loss absorption*) would cure the relevant Contingency Event, the relevant Write-Down shall occur in any event and any increase in the Common Equity Tier 1 Capital Ratio as a result of such cancellation of interest shall be disregarded for the purpose of calculating the relevant Write-Down Amount in respect of such Contingency Event.

Any Write-Down of an Additional Tier 1 Note will be effected, save as may otherwise be required by the Relevant Authority and subject as otherwise provided in these Conditions, *pro rata* with the Write-Down of other Additional Tier 1 Notes and with the concurrent (or substantially concurrent) write-down (or write-off) or conversion into Ordinary Shares, as the case may be, of any Equal Loss Absorbing Instruments (based on the prevailing amount of the relevant Equal Loss Absorbing Instrument). To the extent possible, the write-down (or write-off) or conversion into Ordinary Shares of any Prior Loss Absorbing Instruments will be taken into account in the calculation of the Write Down Amount, and of the amount of write-down (or write-off) or conversion into Ordinary Shares of any Equal Loss Absorbing Instruments, required to cure the relevant Contingency Event.

A Write-Down may occur on more than one occasion and the Additional Tier 1 Notes may be Written Down on more than one occasion.

Any Loss Absorption Event Notice delivered to the Agent must be accompanied by a certificate signed by the Authorised Signatories stating that the Contingency Event has occurred and setting out the method of calculation of the relevant Write-Down Amount.

The Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

In respect of any Write-Down, to the extent the write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument is not, or within one month (or such shorter period as the Relevant Authority may require) from the determination that the relevant Contingency Event has occurred will not be, effective for any reason (i) the ineffectiveness of any such write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument shall not prejudice the requirement to effect the Write-Down of the Additional Tier 1 Notes pursuant to this Condition 8.2 (*Loss absorption*); and (ii) such write-down (or write-off) or conversion into Ordinary Shares shall not be taken into account in calculating the Write-Down Amount in respect of such Write-Down. For the avoidance of doubt, the write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument will only be taken into account in the calculation of the Write-Down Amount to the extent (and in the amount, if any) that such Loss Absorbing Instrument can actually be written-down (or written-off) or converted into Ordinary Shares in the relevant circumstances within one month (or such shorter period as the Relevant Authority may require) from the determination that the relevant Contingency Event has occurred.

If, in connection with a Write-Down or the calculation of a Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written-down (or written-off) or converted into Ordinary Shares in full and not in part only (“**Full Loss Absorbing Instruments**”) then:

- (A) the requirement that a Write-Down of the Additional Tier 1 Notes shall be effected *pro rata* with the write-down (or write-off) or conversion into Ordinary Shares, as the case may be, of any such Loss Absorbing Instruments shall not be construed as requiring the Additional Tier 1 Notes to be Written-Down in full (or in full save for the sub-unit floor) simply by virtue of the fact that such Full Loss Absorbing Instruments will be written-down (or written-off) or converted in full; and
- (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down (or write-off) of principal or conversion into Ordinary Shares, as the case may be, among the Additional Tier 1 Notes and such other Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down (or write-off) or conversion into Ordinary Shares, such that the write-down (or write-off) or conversion into Ordinary Shares of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (a) *first*, the principal amount of such Full Loss Absorbing Instruments shall be written-down (or written-off) or converted into Ordinary Shares *pro rata* with the Additional Tier 1 Notes and all other Loss Absorbing Instruments (in each case subject to and as provided in the preceding paragraph) to the extent necessary to cure the relevant Contingency Event; and (b) *secondly*, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (a) above shall be written-down (or written-off) or converted into Ordinary Shares, as the case may be, with the effect of increasing the Issuer’s and/or the Group’s, as the case may be, Common Equity Tier 1 Capital Ratio above the minimum required level under (a) above.

### 8.3 Consequences of loss absorption

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Additional Tier 1 Notes, the Issuer shall procure that:

- (a) a similar notice is, or has been, given in respect of each Loss Absorbing Instrument (in accordance with, and to the extent required by, its terms); and
- (b) the prevailing principal amount of each Loss Absorbing Instrument outstanding (other than the Additional Tier 1 Notes) (if any) is written down (or written-off) or converted, as appropriate, in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice,

*provided, however, that any failure by the Issuer either to give such a notice or to procure such a write down and/or conversion will not affect the effectiveness of, or otherwise invalidate, any Write Down of the Notes pursuant to Condition 8.2 (Loss absorption) or give Noteholders any rights as a result of either such failure (and, for the avoidance of doubt, the Write Down Amount may increase as a result thereof).*

### 8.4 Reinstatement of principal amount

If both a positive Net Banking Income and a positive Consolidated Net Banking Income are recorded at any time while the Prevailing Principal Amount of the Additional Tier 1 Notes is less than their Initial Principal Amount, the Issuer may, at its full discretion and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV and, if relevant, in any other similar payment restriction provision(s) under the Applicable Banking Regulations (or, if different, any provision of Italian law implementing Article 141(2) of the CRD IV, as amended or replaced, or if relevant, such other provision(s))) not being exceeded thereby, increase the Prevailing Principal Amount of each Note (a “**Write-Up**”) up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Additional Tier 1 Notes and with any Written-Down Additional Tier 1 Instruments that have terms permitting a principal write-up to occur on a basis similar to that set out in this Condition 8.4 in the circumstances existing on the date of the relevant Write-Up (based on their prevailing principal amounts), provided that the sum of:

- (i) the aggregate amount of the relevant Write-Up on all the Additional Tier 1 Notes (aggregated with the aggregate amounts of any other Write-Ups out of the same Relevant Net Banking Income);
- (ii) the aggregate amount of any interest payments on the Additional Tier 1 Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the end of the previous financial year,
- (iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up; and
- (iv) the aggregate amount of any interest payments on each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Write-Up Amount.

The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a similar basis to that set out in this Condition 8.4 unless it does so on a *pro rata* basis with a Write-Up on the Additional Tier 1 Notes.

A Write-Up may be made on one or more occasions in accordance with this Condition 8.4 until the Prevailing Principal Amount of the Additional Tier 1 Notes has been reinstated to the Initial Principal Amount. No Write-Up shall be operated (i) whilst a Contingency Event has occurred and is continuing, or (ii) where any such Write-Up (together with the write-up of all other Written-Down Additional Tier 1 Instruments) would cause a Contingency Event to occur.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to this Condition 8.4 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 8.4.

If the Issuer decides to Write-Up the Additional Tier 1 Notes pursuant to this Condition 8.4, it shall deliver a notice (a “**Write-Up Notice**”) specifying the amount of any Write-Up (as a percentage of the Initial Principal Amount of an Additional Tier 1 Note resulting in a *pro rata* increase in the Prevailing Principal Amount of each Additional Tier 1 Note) and the date on which such Write-Up shall take effect shall be given to Noteholders in accordance with Condition 15 (Notices) and to the Agent. Such Write-Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write-Up becomes effective.

## **9. PAYMENTS**

### **9.1 Payments in respect of Notes**

Payments of principal and interest in respect of the Notes will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on or by transfer to an account denominated in that currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London). Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

### **9.2 Payments in New York City**

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

### **9.3 Payments subject to applicable laws**

All payments in respect of the Notes made in accordance with these Conditions shall be subject to:

- (i) any fiscal or other laws, regulations and directives applicable thereto; and
- (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto,

but, in each case, without prejudice to the provisions of Condition 11 (*Taxation*).

No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

#### 9.4 Surrender of unmatured Coupons

If the applicable Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however*, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (a) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; *provided, however*, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (b) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however*, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (i) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

#### 9.5 Unmatured Coupons void

If the applicable Final Terms specifies that this Condition 9.5 (*Unmatured Coupons void*) is applicable or that the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10.3 (*Redemption for Taxation Reasons*), Condition 10.4 (*Redemption for Regulatory Reasons*), Condition 10.5 (*Redemption at the Option of the Issuer*), Condition 10.10 (*Issuer Call due to a MREL Disqualification Event*), Condition 10.11 (*Redemption at the Option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

## **9.6 Payments on a Business Day**

A Note or Coupon may only be presented for payment on a day which is a Payment Business Day in the place of presentation. If the due date for payment in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder will not be entitled to payment of the amount due until the next succeeding Payment Business Day and no further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under Condition 9 (*Payments*) falling after the due date.

## **9.7 Agents**

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the applicable Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, appoint additional or other Paying Agents and appoint a successor issuing and principal paying agent or Calculation Agent, provided it will at all times maintain:

- (i) an Agent;
- (ii) if a Calculation Agent is specified in the applicable Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) for so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Agent) having its Specified Office in such place as may be required by applicable laws and regulations or the rules and regulations of the relevant stock exchange.

Notice of any change in the Paying Agents or their Specified Offices will promptly be given to the Noteholders in accordance with Condition 15 (*Notices*).

## **9.8 Partial Payments**

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

## **9.9 Exchange of Talons**

On or after the maturity date of the final Coupon which is (or was at the time of issue) attached to the Notes, the Talon attached to such Note may be exchanged at the Specified Office of the Agent for further Coupons, as the case may be (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## **10. REDEMPTION AND PURCHASE**

### **10.1 Redemption at maturity**

This Condition 10.1 applies only to any Notes other than the Notes specified in the applicable Final Terms as being Additional Tier 1 Notes.

Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and Condition 9 (*Payments*).

### **10.2 No fixed redemption for the Additional Tier 1 Notes**

This Condition 10.2 applies only to Notes specified in the applicable Final Terms as being Additional Tier 1 Notes.

The Additional Tier 1 Notes have no fixed redemption date and may not be redeemed otherwise than in accordance with this Condition 10.2.

Unless previously redeemed or purchased and cancelled as provided below, the Additional Tier 1 Notes will become repayable on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer, (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set in its by-laws at 31 December 2050 and may be extended by resolution), or (c) any applicable legal provision, or any decision of any judicial or administrative authority. Thereupon, the Additional Tier 1 Notes will become due and payable at an amount equal to their Prevailing Principal Amount, together with any accrued but unpaid interest (to the extent not cancelled in accordance with Condition 7.5 (*Cancellation of Interest Amounts*)) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 11 (*Taxation*).

### 10.3 Redemption for Taxation Reasons

If:

- (a) in the case of Additional Tier 1 Notes only, the part of the interest payable by the Issuer under the Additional Tier 1 Notes that on the Issue Date is tax-deductible by the Issuer for Italian tax purposes is reduced, or the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to the laws, regulations or rulings of, or applicable in, the Republic of Italy, or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings:
  - (A) which change or amendment:
    - (i) becomes effective after the Issue Date;
    - (ii) in the event of any redemption upon the occurrence of a Tax Event prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Applicable Banking Regulations, the Issuer demonstrates to the satisfaction of the Relevant Authority is material and was not reasonably foreseeable by the Issuer as at the Issue Date;
    - (iii) is evidenced by the delivery by the Issuer to the Agent of a certificate signed by two Authorised Signatories of the Issuer stating that part of the interest payable by the Issuer in respect of the Additional Tier 1 Notes that is on the Issue Date tax-deductible is no longer, or will no longer be, deductible for Italian income tax purposes or such deductibility is materially reduced, or that the Issuer has or will become obliged to pay such additional amounts, as the case may be, and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail; and
  - (B) which obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in the case of any Note other than Additional Tier 1 Notes,
  - (A) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes

effective after the date of issue of the first Tranche of the Notes, (a) the Issuer would be required to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) or (b) for Subordinated Notes only, deductibility of interest payable by the Issuer in respect of the Subordinated Notes is materially reduced for Italian income tax purposes;

- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (C) in the case of Subordinated Notes only, if the circumstances under items (A) and (B) above have occurred before five years from the issue of the relevant Subordinated Notes, the Issuer has demonstrated to the satisfaction of the Relevant Authority that such change is material and was not reasonably foreseeable at the Issue Date,

(any such event, a “**Tax Event**”)

the Issuer may at its option (but subject to Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*), as applicable), having given not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at their Early Redemption Amount (Tax) or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount, together with interest accrued to but excluding the relevant date of redemption:

- (A) at any time (if neither the Floating Rate Note Provisions nor CMS Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable); or
- (B) on any Interest Payment Date (if the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the applicable Final Terms as being applicable),

*provided, however*, that no such notice of redemption shall be given (i) earlier than (a) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due; or (b) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this Condition 10.3 (*Redemption for Taxation Reasons*) in the case of any Note other than Additional Tier 1 Notes, the Issuer shall deliver to the Agent to make available at its Specified Office to the Noteholders (i) a certificate signed by two Authorised Signatories of the Issuer stating the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

Upon the expiry of any notice as is referred in this Condition 10.3 (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with the terms of this Condition 10.3 (*Redemption for Taxation Reasons*) (subject to Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)).

#### **10.4 Redemption for Regulatory Reasons**

This Condition 10.4 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes and Additional Tier 1 Notes.

If, at any time the Issuer determines that a Regulatory Event has occurred in respect of the Subordinated Notes or a Capital Event has occurred in respect of the Additional Tier 1 Notes, the Notes may be redeemed at the option of the Issuer (subject to Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*)), in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor a CMS Linked Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or a CMS Linked Interest Note), on giving not less than 15 nor more than 30 days' notice to the Agent and, in accordance with Condition 15 (*Notices*) to the Noteholders (which notice shall be irrevocable).

Prior to the publication of any notice of redemption pursuant to this Condition 10.4 (*Redemption for Regulatory Reasons*), the Issuer shall deliver or procure that there is delivered to the Agent a certificate signed by two Authorised Signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 10.4 (*Redemption for Regulatory Reasons*), the Issuer shall – subject to Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) - be bound to redeem the Notes in accordance with this Condition 10.4 (*Redemption for Regulatory Reasons*), at the Early Redemption Amount (Regulatory Event) described in the applicable Final Terms, or in the case of the Additional Tier 1, at their Prevailing Principal Amount, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

#### **10.5 Redemption at the Option of the Issuer**

This Condition 10.5 applies to Notes which are subject to redemption prior to maturity at the option of the Issuer (other than for taxation reasons or for regulatory reasons). If the Call Option is specified in the applicable Final Terms as being applicable, the Notes may (subject to Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)) be redeemed at the option of the Issuer in whole or, if so specified in the applicable Final Terms, in part on any Optional Redemption Date(s) (Call) at the relevant Optional Redemption Amount (Call) or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date(s) (Call), on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall – subject to Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*), as applicable - be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date(s) (Call) at the Optional Redemption Amount (Call) or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount, together if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date(s) (Call).

#### **10.6 Partial Redemption**

If the Notes are to be redeemed in part only on any date in accordance with Condition 10.5 (*Redemption at the Option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Agent approves and in such manner as the Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10.5 (*Redemption at the Option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or less than the minimum so specified.

#### **10.7 Italian Civil Code**

The Notes are not subject to Article 1186 of the Italian Civil Code nor, to the extent applicable, to Article 1819 of the Italian Civil Code.

## 10.8 Redemption of Subordinated Notes and Additional Tier 1 Notes

Any redemption of, respectively, the Subordinated Notes in accordance with Condition 10.1 (*Redemption at Maturity*), Condition 10.3 (*Redemption for Taxation Reasons*), Condition 10.4 (*Redemption for Regulatory Reasons*) and/or Condition 10.5 (*Redemption at the Option of the Issuer*) or the Additional Tier 1 Notes in accordance with Condition 10.2 (*No fixed redemption for the Additional Tier 1 Notes*), Condition 10.3 (*Redemption for Taxation Reasons*), Condition 10.4 (*Redemption for Regulatory Reasons*), Condition 10.5 (*Redemption at the Option of the Issuer*) and/or or Condition 16 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 16), and any purchase in accordance with Condition 10.14 (*Purchases*) shall be subject to compliance with the then Applicable Banking Regulations, including, as relevant, for the avoidance of doubt to:

- (a) the Issuer giving notice to the Relevant Authority and the Relevant Authority granting prior permission to redeem or purchase the relevant Subordinated Notes or Additional Tier 1 Notes (in each case to the extent, and in the manner, required by the then Applicable Banking Regulations, including Articles 77 and 78 of the CRR, as amended or replaced from time to time), where either:
  - (i) on or before such redemption or purchase (as applicable), the Issuer replaces the relevant Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
  - (ii) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary at such time; and
- (b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the relevant Subordinated Notes or Additional Tier 1 Notes, if and to the extent required under Article 78(4) of the CRR or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014:
  - (i) in the case of redemption pursuant to Condition 10.3 (*Redemption for Taxation Reasons*), the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the Subordinated Notes or Additional Tier 1 Notes is material and was not reasonably foreseeable as at the Issue Date; or
  - (ii) in case of redemption pursuant to Condition 10.4 (*Redemption for Regulatory Reasons*), a Regulatory Event having occurred in respect of Subordinated Notes or a Capital Event having occurred in respect of Additional Tier 1 Notes; or
  - (iii) on or before such redemption or repurchase (as applicable), the Issuer replacing the relevant Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Relevant Authority having permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
  - (iv) the relevant Notes being repurchased for market making purposes,subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) the Subordinated Notes or Additional Tier 1 Notes, in the limit of a predetermined amount, which shall not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the aggregate nominal amount of the relevant Series of the Subordinated Notes or the Additional Tier 1 Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Relevant Authority from time to time) of the outstanding aggregate nominal amount of the Tier 2 Capital instruments or the Additional Tier 1 instruments of the Issuer at the relevant time, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out at letters (i) or (ii) of subparagraph (a) of the preceding paragraph.

If the Issuer has elected to redeem any Additional Tier 1 Notes pursuant to Condition 10.3 (*Redemption for Taxation Reasons*), Condition 10.4 (*Redemption for Regulatory Reasons*) and/or Condition 10.5 (*Redemption at the Option of the Issuer*), and prior to the relevant redemption date a Contingency Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, the Prevailing Principal Amount of the Notes will not be due and payable and a Write-Down shall occur as described under Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*).

The Issuer shall not give a redemption notice pursuant to Condition 10.3 (*Redemption for Taxation Reasons*) and Condition 10.4 (*Redemption for Regulatory Reasons*), Condition 10.5 (*Redemption at the Option of the Issuer*), in the period following the giving of a Loss Absorption Event Notice and prior to the relevant Write Down Effective Date.

## **10.9 Redemption of Senior Notes and Senior Non-Preferred Notes**

Any redemption of the Senior Notes and Senior Non-Preferred Notes in accordance with Condition 10.3 (*Redemption for Taxation Reasons*), Condition 10.5 (*Redemption at the Option of the Issuer*), Condition 10.10 (*Issuer Call Due to a MREL Disqualification Event*), Condition 16 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 16), and any purchase in accordance with Condition 10.14 (*Purchases*) of the Senior Notes and Senior Non-Preferred Notes qualifying as eligible liabilities instruments according to the MREL Requirements is subject to compliance with the then Applicable Banking Regulations, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR, where one of the following conditions is met:

- (A) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Senior Notes or the Senior Non-Preferred Notes with Own Funds instruments or eligible liabilities instruments of equal or higher quality at terms that are sustainable for its income capacity; or
- (B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and eligible liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and eligible liabilities laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or
- (C) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the eligible liabilities with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorization,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) Senior Notes or Senior Non-Preferred Notes, in the limit of a predetermined amount, instruments, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (A) and (B) of the preceding paragraph. For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78a of the CRR shall not constitute a default of the Issuer for any purposes.

#### **10.10 Issuer Call Due to a MREL Disqualification Event**

This Condition 10.10 (*Issuer Call Due to a MREL Disqualification Event*) applies only to Notes specified in the applicable Final Terms as Senior Notes or Senior Non-Preferred Notes.

If Issuer Call due to a MREL Disqualification Event is specified as being applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer (subject to the provisions of Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)), having given not less than 15 nor more than 30 days' notice the Agent and, in accordance with Condition 15 (*Notices*), to the Noteholders (which notice shall specify the date fixed for redemption), in whole, but not in part, at any time (if the Note is neither a Floating Rate Note nor a CMS Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or a CMS Linked Interest Note), if the Issuer determines that a MREL Disqualification Event has occurred and is continuing.

Prior to the publication of any notice of redemption pursuant to this Condition 10.10 (*Issuer Call Due to a MREL Disqualification Event*), the Issuer shall deliver or procure that there is delivered to the Agent a certificate signed by two Authorised Signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 10.10 (*Issuer Call Due to a MREL Disqualification Event*), the Issuer shall – subject to Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) – be bound to redeem the Notes in accordance with this Condition 10.10 (*Issuer Call Due to a MREL Disqualification Event*) at the Early Redemption Amount described in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

#### **10.11 Redemption at the Option of Noteholders**

This Condition 10.11 (*Redemption at the Option of Noteholders*) is applicable only to Senior Notes and if the Put Option is specified in the applicable Final Terms as being applicable.

The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date(s) (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10.11 (*Redemption at the Option of Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date(s) (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10.11 (*Redemption at the Option of Noteholders*), may be withdrawn; *provided, however*, that if, prior to the relevant Optional Redemption Date(s) (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date(s) (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing

Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10.11 (*Redemption at the Option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

#### **10.12 No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10.1 (*Redemption at maturity*) to 10.11 (*Redemption at the Option of Noteholders*).

#### **10.13 Early Redemption of Zero Coupon Notes**

Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the applicable Final Terms for the purposes of Condition 10.11 (*Redemption at the Option of Noteholders*) or, if none is so specified, a Day Count Fraction of 30E/360.

#### **10.14 Purchases**

The Issuer or any of its Subsidiaries may purchase Notes in any manner and at any price, provided that:

- (i) all unmatured Coupons appertaining to the Notes are purchased with such Notes);
- (ii) in the case of Subordinated Notes or Additional Tier 1 Notes, the purchase of the relevant Subordinated Notes or Additional Tier 1 Notes by the Issuer or any of its Subsidiaries shall take place subject as provided in Condition 10.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*); and
- (iii) in the case of Senior Notes and Senior Non-Preferred Notes, the purchase of the relevant Senior Notes or Senior Non-Preferred Notes by the Issuer or any of its Subsidiaries shall take place subject as provided in Condition 10.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

#### **10.15 Cancellations**

All Notes which are redeemed and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold. Subject to the requirements (if any) of any stock exchange or securities market on which the Notes may be admitted to listing and/or trading at the relevant time and subject to compliance with all applicable laws and regulations, Notes purchased by the Issuer or any of its Subsidiaries may be held or re-sold by the Issuer or submitted for cancellation by the Issuer or its Subsidiaries, in each case, at the Issuer's discretion.

## 11. TAXATION

### 11.1 Payment without Withholding

All payments of principal (if applicable) and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after such withholding or deduction shall be equal to the amounts of principal, in the case of Senior Notes and Senior Non-Preferred Notes, and interest, in the case of any Notes, which would have been received in respect of the Notes or the Coupons in the absence of such withholding or deduction; except that no additional amounts shall be payable in respect of any Note or Coupon:

- (i) presented for payment by, or by a third party on behalf of, the holder who is liable to such Taxes in respect of such Note or Coupon by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of the Note or the Coupon; or
- (ii) presented for payment in the Relevant Jurisdiction; or
- (iii) presented for payment by or on behalf of a holder of Notes or Coupons who would have been able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for an exemption; or
- (iv) requested more than 30 days after the Relevant Date except to the extent that a holder of such Note or Coupon would have been entitled to such additional amounts on presenting such payment Note or Coupon for payment on the last day of the period of 30 days; or
- (v) in relation to any payment or deduction on principal, interest or other proceeds of any Note on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended or supplemented from time to time, or related implementing regulations (the “**Decree No. 239**”); or
- (vi) in circumstances in which the formalities, procedures and requirements to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities, procedures and requirements have not been complied with due to the actions or omissions of the Issuer or its agents; or
- (vii) in relation to any payment or deduction on principal, interest or other proceeds of any Note on account of any withholding or deduction pursuant to Italian Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time.

The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any amounts required to be withheld or deducted pursuant to Sections 1471 through 1474 of the Code, any regulation or agreements thereunder, any official interpretations thereof, any intergovernmental agreement in place between the United States and another jurisdiction facilitating the implementation thereof or any law implementing an intergovernmental approach thereto to be deducted or withheld by the Issuer, the paying agent or any other party.

### 11.2 Additional Amounts

Any reference in these Conditions to any amounts of principal and interest in respect of the Notes and the Coupons shall be deemed also to refer to any additional amounts which may be payable under Condition 11 (*Taxation*).

## 12. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 9 (*Payments*) within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date, subject to provisions of Condition 9 (*Payments*).

## 13. REPLACEMENT OF NOTES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 14. EVENTS OF DEFAULT

- (A) With respect to any Note which is a Senior Note or a Senior Non-Preferred Note, if any of the following events occurs:
- (i) *Winding-up etc.*: if an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of and pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
  - (ii) *Analogous event*: any event occurs which under the laws of the Relevant Jurisdiction has an analogous effect to any of the events referred to in paragraph (i) (Winding up, etc.) above; or
- (B) with respect to any Subordinated Note or Additional Tier 1 Note, if the Issuer becomes subject to *Liquidazione Coatta Amministrativa* as defined in the Consolidated Banking Law of the Republic of Italy, as amended from time to time (the “**Event of Default for the Subordinated Notes and Additional Tier 1 Notes**”),

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount together with accrued interest (in the case of Additional Tier 1 Notes, to the extent that such interest is not cancelled in accordance with these Conditions) (if any) without further action or formality. No Event of Default for the Subordinated Notes and Additional Tier 1 Notes shall occur other than in the context of an insolvency proceeding in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Event of Default for the Subordinated Notes and Additional Tier 1 Notes for any purpose).

## 15. NOTICES

Notices to Noteholders will be valid if published in a reputable leading English language daily newspaper published in London with an international circulation (which is expected to be the Financial Times) and (so long as the Notes are listed on a securities market of Euronext Dublin and it is a requirement of applicable laws and regulations or the rules of Euronext Dublin) a leading newspaper having general circulation in the Republic of Ireland or on Euronext Dublin’s website ([www.euronext.com/en/markets/dublin](http://www.euronext.com/en/markets/dublin)) or, if such publication shall not be practicable, in an leading English language daily newspaper of general circulation in Europe (which is expected to be the Financial Times). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 15 (*Notices*).

## **16. MEETING OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE**

### **16.1 Meetings of Noteholders**

The Agency Agreement for the Italian Law Notes contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing a clear majority of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however*, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-fourths or, at any adjourned meeting, one third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

### **16.2 Modification**

The Notes, the Coupons and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement for the Italian Law Notes may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders.

For the avoidance of doubt, no Noteholder consent shall be required in connection with effecting the Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Agent (if required) pursuant to Condition 6.3(x) (*Benchmark Replacement*).

## **17. ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **18. FURTHER ISSUES**

The Issuer may from time to time without the requirement to give notice to, or seek the consent of, the Noteholders or the Couponholders create and issue further notes having the same terms and conditions as those of the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Notes, or upon such terms as the Issuer may determine at the time of their issue.

## **19. CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “first currency”) in which the same is payable under these Conditions or such order or judgment into another currency (the “second currency”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder or Couponholder, on the written demand of such Noteholder or Couponholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 Governing Law**

The Agency Agreement for the Italian Law Notes, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement for the Italian Law Notes, the Notes and the Coupons are governed by, and construed in accordance with, Italian law.

### **20.2 Submission to Jurisdiction**

The courts of Milan are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Coupons may be brought in such courts.

## **21. CONTRACTUAL RECOGNITION OF BAIL-IN POWERS**

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Bail-in Power. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Relevant Resolution Authority.

For the avoidance of doubt, the potential write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Additional Tier 1 Notes or the conversion of the Additional Tier 1 Notes into Ordinary Shares or other obligations in connection with the exercise of any Bail-in Power by the Relevant Authority is separate and distinct from a Write-Down following a Contingency Event although these events may occur consecutively.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition.

The exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions for the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the

reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

As used in this Condition:

“**Bail-in Power**” means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person.

“**Group Entity**” means the Issuer or any legal person that is part of the Group.

“**Resolution Power**” means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation.

“**SRM Regulation**” means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time (including by SRM II Regulation);

“**SRM II Regulation**” means Regulation (EU) No. 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms.

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Please confirm that this letter correctly sets out the arrangements agreed between us by copying the above text in a letter from your side and resending it to us as a confirmation of acceptance at the following address:

**Banca IFIS S.p.A.**  
Via Terraglio, 63  
30174 Mestre Venezia  
Italy

Yours faithfully,

**Banca Ifis S.p.A.**

\_\_\_\_\_  
By: “

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In full and unconditional acceptance of the above.

Yours faithfully,

The Agent

**BNP Paribas Securities Services, Luxembourg Branch**

\_\_\_\_\_  
By:

\_\_\_\_\_  
By: