



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

*(incorporated as a società per azioni under the laws of the Republic of Italy)*

**€5,000,000,000**

**Euro Medium Term Note Programme**

Under this €5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Banca Ifis S.p.A. (the "**Issuer**" or "**Banca Ifis**") may from time to time issue (i) notes in physical form governed by English law (the "**English Law Notes in Physical Form**"); (ii) notes in physical form governed by Italian law (the "**Italian Notes in Physical Form**" and, together with the English Law Notes in Physical Form, the "**Notes in Physical Form**") and (iii) notes in dematerialised form (the "**Dematerialised Notes**" and, together with the Notes in Physical Form, the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €5,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement described herein). The Issuer may increase the amount of the Programme, from time to time, in accordance with the terms of the Dealer Agreement. In the event of such increase, a supplement to this Base Prospectus will be prepared by the Issuer, which shall be approved by the CSSF in accordance with Article 23 of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**").

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The terms and conditions for the English Law Notes in Physical Form are set out herein in "*Terms and Conditions for the English Law Notes in Physical Form*", the terms and conditions for the Italian Law Notes in Physical Form are set out herein in "*Terms and Conditions for the Italian Law Notes in Physical Form*" and the terms and conditions for the Dematerialised Notes are set out herein in "*Terms and Conditions for the Dematerialised Notes*". References to the "Notes" shall be to the English Law Notes in Physical Form, the Italian Law Notes in Physical Form and/or the Dematerialised Notes, as appropriate and references to the "Terms and Conditions" or the "Conditions" shall be to the Terms and Conditions for the English Law Notes in Physical Form, the Terms and Conditions for the Italian Law Notes in Physical Form and/or the Terms and Conditions for the Dematerialised Notes, as appropriate. For the avoidance of doubt, in "Terms and Conditions for the English Law Notes in Physical Form", references to the "Notes" shall be to the English Law Notes in Physical Form, in "Terms and Conditions for the Italian Law Notes in Physical Form", references to the "Notes" shall be to the Italian Law Notes in Physical Form and in "Terms and Conditions for the Dematerialised Notes", references to the "Notes" shall be to the Dematerialised Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".**

The Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") which is the Luxembourg competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

By approving the Base Prospectus, the CSSF gives no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the *loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières* dated 16 July 2019 (the "**Luxembourg Prospectus Law**"). This Base Prospectus is valid for admission to trading of Notes on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") for a period of twelve months from the date of approval ending on 19 July 2024, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) and have been "listed" on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions for the English Law Notes in Physical Form*", under "*Terms and Conditions for the Italian Law Notes in Physical Form*" or under "*Terms and Conditions for the Dematerialised Notes*", as appropriate) of Notes will be set out in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with unlisted Notes and/or Notes not admitted to trading on any market.

Tranches or Series of Notes to be issued under the Programme will be rated or unrated. Where a Tranche or Series of Notes is to be rated, such rating will not necessarily be the same as the rating that may be assigned to the Issuer or to Notes already issued. Where a Tranche or Series of

Notes is rated, the applicable rating(s) may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**"), and included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation, will be disclosed in the applicable Final Terms. Whether or not each credit rating applied for in relation to any Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation, in accordance with the EU CRA Regulation or by a credit rating agency established in the United Kingdom and registered under the EU CRA Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"), will be disclosed in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to "*Risk Factors*".

Amounts payable under the Notes may be calculated by reference, *inter alia*, to EURIBOR, which is provided by the European Money Markets Institute ("**EMMI**"), to CMS, which is provided by ICE Benchmark Administration Limited ("**ICE**") or to the sterling overnight index average rate ("**SONIA**"), which is provided and administered by the Bank of England, in each case, as specified in the applicable Final Terms. As at the date of this Base Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended (the "**EU Benchmarks Regulation**") and ICE appears on the register of the Financial Conduct Authority pursuant to Article 36 of the EU Benchmarks Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"). ICE is not included in the register of administrators and benchmarks established and maintained by ESMA. As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that ICE is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence). As at the date of this Base Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the EU Benchmarks Regulation. As far as the Issuer is aware, the Bank of England, as administrator of SONIA, is not required to be registered by virtue of Article 2 of the EU Benchmarks Regulation.

*Arranger*

**Santander Corporate & Investment Banking**

*Dealers*

<b>Banca Akros S.p.A. – Gruppo Banco BPM</b>	<b>UBS Investment Bank</b>
<b>BNP PARIBAS</b>	<b>Barclays</b>
<b>Crédit Agricole CIB</b>	<b>Citigroup</b>
<b>Deutsche Bank</b>	<b>Goldman Sachs International</b>
<b>Intermonte</b>	<b>IMI - Intesa Sanpaolo</b>
<b>J.P. Morgan</b>	<b>Mediobanca</b>
<b>Morgan Stanley</b>	<b>NatWest Markets</b>
<b>Nomura</b>	<b>Santander Corporate &amp; Investment Banking</b>
<b>Société Générale Corporate &amp; Investment Banking</b>	<b>Stifel</b>
<b>UniCredit</b>	

The date of this Base Prospectus is 19 July 2023

## IMPORTANT NOTICE

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. This Base Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference. Full information on the Issuer and any tranche of Notes is only available on the basis of the combination of this Base Prospectus and the relevant Final Terms.

Before investing in the Notes, prospective investors should consider all information provided in this Base Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary.

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that the information contained in this Base Prospectus to the best of its knowledge is in accordance with the facts and makes no omission likely to affect its import.

The Issuer has confirmed to the Dealers (as defined herein) that this Base Prospectus (including, for this purpose, each applicable Final Terms (as defined below)) contains all information regarding the Issuer and its consolidated subsidiaries (together with the Issuer, the "**Group**") and the Notes which is material in the context of the Programme and the issue of the Notes; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Base Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect.

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

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

**MiFID II product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any **person** subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (as amended, the "**MiFID II Product**

**Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID II Product Governance Rules.

**UK MiFIR product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)** – Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Notes of each Tranche may:

- in the case of Notes in Physical Form, initially be represented by a temporary global note ("**Temporary Global Note**") which (i) in respect of a Temporary Global Note which is not intended to be issued in new global note form, will be deposited on the issue date thereof with a common depository on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearance system, and (ii) in respect of a Temporary Global Note which is intended to be issued in new global note form, will be deposited on the issue date thereof with a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearance system. Each Temporary Global Note will be exchangeable, as specified in the applicable Final Terms, for either a permanent global note ("**Permanent Global Note**") or Notes in definitive form, in each case upon certification as to non-US beneficial ownership as required by U.S. Treasury Regulations. A Permanent Global Note will be exchangeable, in whole but not in part, for definitive Notes, all as further described below; or
- in the case of Notes in Dematerialised Form, be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy ("**Monte Titoli**"), for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg. The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will at all times be held in book entry form and title to the Dematerialised Notes will be evidenced by book entries pursuant to the relevant provisions of Italian Legislative Decree dated 24 February 1998, No. 58, as subsequently amended and supplemented (the "**Financial Services Act**") and in accordance with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") and Bank of Italy Joint Regulation dated 13 August 2018, as subsequently amended and supplemented ("**CONSOB and Bank of Italy Joint Regulation**"). The Noteholders may not require physical delivery of the Dematerialised Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Financial Services Act.

The information set out in the sections of this Base Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and Monte Titoli (the "**Clearing Systems**"), in each case as currently in effect. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not be responsible or liable for any aspect of the

records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer, the Group or the Notes other than as contained in this Base Prospectus. Any such representation or information should not be relied upon as having been authorised by the Issuer or any Dealer.

This Base Prospectus has not been submitted to the clearance procedure or registered with the *Commissione Nazionale per le Società e la Borsa* and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as more fully set out under "*Subscription and Sale*".

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. This Base Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Base Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) or prospects of the Issuer or the Group since the date of this Base Prospectus or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus is to be read and construed in conjunction with any supplement hereto, all documents which are deemed to be incorporated herein by reference and, in relation to any Tranche of Notes, the applicable Final Terms. See "*Information Incorporated by Reference*" below. This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

Neither the Dealers nor any of their respective affiliates (including parent companies) have authorised the whole or any part of this Base Prospectus and none of them makes any representation, warranty or undertaking, expressed or implied, or accept any responsibility or liability, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Dealers nor any of their respective affiliates (including parent companies) accept any responsibility or liability for the acts or omissions of the Issuer or any other person in connection with the Programme and the issue and offering of the Notes. Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Dealers or any of their respective affiliates (including parent companies) that any recipient of this Base Prospectus or the Final Terms should purchase the Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer's and the Group's business and the terms of the offering. Prospective investors should not consider any information contained in this Base Prospectus to be investment, legal, financial, business, accounting or tax advice. Each prospective investor should consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, accounting, tax and related advice regarding an investment in the Notes.

**The Notes may not be a suitable investment for all investors.**

Each potential investor in the Notes should determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes, unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

#### **Restrictions on marketing, sales and resales of Additional Tier 1 Notes to Retail Investors**

- (A) The Additional Tier 1 Notes discussed in this document are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Additional Tier 1 Notes. Potential investors in the Additional Tier 1 Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Additional Tier 1 Notes (or any beneficial interests therein).
- (B)
  - (i) In the UK, the Financial Conduct Authority ("FCA") Conduct of Business Sourcebook ("COBS") requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "retail client") in the UK.
  - (ii) Each Dealer is required to comply with COBS.
  - (iii) By purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or a beneficial interest in such Additional Tier 1 Notes) from the Issuer and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Dealers that:
    - (a) it is not a retail client in the UK; and
    - (b) it will not sell or offer the Additional Tier 1 Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Base Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Additional Tier 1 Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

- (iv) In selling or offering the Additional Tier 1 Notes or making or approving communications relating to the Additional Tier 1 Notes you may not rely on the limited exemptions set out in COBS.
- (C) The obligations in paragraph (B) above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Additional Tier 1 Notes (or any beneficial interests therein), whether or not specifically mentioned in the Base Prospectus, including (without limitation) any requirements under MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Additional Tier 1 Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or any beneficial interests therein) from the Issuer and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client

*Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.*

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## STABILISATION

**In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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## MARKET SHARE INFORMATION AND STATISTICS

This Base Prospectus contains statements regarding the Issuer's and the Group's industry and its relative competitive position in the industry that are not based on published statistical data or information obtained from independent third parties but are based on the Issuer's experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data. Although the Issuer's estimates are based on information obtained from its customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in its industry which it believes to be reliable, there is no assurance that any of these assumptions are accurate or correctly reflect the Issuer's or the Group's position in the industry. None of the Issuer's internal surveys or information has been verified by independent sources.

While the Issuer has compiled, extracted and, to the best of its knowledge, correctly reproduced market or other industry data from external sources, including third parties or industry or general publications, the Issuer has not independently verified such data. The Issuer cannot assure investors of the accuracy and completeness of, and takes no responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such external sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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## PRESENTATION OF FINANCIAL INFORMATION

*Financial information incorporated by reference and included in the Base Prospectus*

This Base Prospectus incorporates by reference the translation into English of the audited consolidated financial statements of the Issuer as of 31 December 2022 and 2021, and for the years then ended.

The consolidated financial statements of the Issuer as of and for the years ended 31 December 2022 and 2021 (the "**Audited Consolidated Financial Statements**") have been prepared by the Issuer in accordance with IFRS and have been audited without qualification by EY S.p.A. as stated in the English translations of their audit reports incorporated by reference in this Base Prospectus.

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## ALTERNATIVE PERFORMANCE MEASURES

In order better to evaluate Banca Ifis's financial management performance, management has identified Alternative Performance Measures (each an "APM"). Management believes that these APMs, although not recognised as a measure of performance or liquidity under IFRS, provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operating trends and financial parameters.

This Base Prospectus incorporates by reference the following alternative performance measures as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415 and ESMA 32-51-370 Q&A), which are used by the management of the Issuer to monitor its financial and operating performance:

**"ROA"**: Return on Assets is an indicator that measures the return on the invested capital or the business carried out. It is the ratio between the Group's pre-tax operating profit and total assets.

**"ROE"**: Return On Equity is a synthetic measure of the Group's operating results. It is calculated as the ratio of net profit to the average of equity.

**"Reclassified Cost/Income ratio"**: Reclassified Cost/Income ratio is a ratio of the Group's operating costs to net banking income. For this purpose, net impairment losses on receivables of the NPL segment were reclassified to interest receivable and similar income to present more fairly this business, for which net impairment losses represent an integral part of the return on the investment.

**"Book value per share"**: Book value per share is an indicator of the value of each share based on the book value of the Group's assets minus its liabilities. It is calculated as the ratio of consolidated equity to the number of shares outstanding.

**"Payout Ratio"**: Payout Ratio is a ratio of dividends to net profits. It is calculated as the ratio of Parent company dividends to consolidated net profit.

**"Parent company dividends"**: Parent company dividends is an indicator of dividends paid by Banca Ifis S.p.A. It is the product of the dividends payable per share multiplied by the number of shares outstanding.

It should be noted that:

- (i) the APMs are based exclusively on the Group's historical data and are not indicative of future performance;
- (ii) the APMs are not derived from IFRS, they are derived from the consolidated financial statements of the Group prepared in conformity with these principles, and they are not subject to audit;
- (iii) the APMs are non-IFRS financial measures and are not recognised as a measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles;
- (iv) the APMs should be read together with financial information for the Group taken from the consolidated financial statements of the Issuer;



- (v) as the APMs are non-IFRS measures, the definitions of APMs used by the Group may differ from, and therefore not be comparable to, those used by other companies/groups; and
- (vi) the APMs and definitions used herein are consistent for all the period for which financial information in this Base Prospectus is included.

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## FORWARD LOOKING STATEMENTS

This Base Prospectus may contain certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

Any forward-looking statements are only made as of the date of this Base Prospectus, and the Issuer does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Base Prospectus. Many factors may cause the Issuer's or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Base Prospectus.

The risks described under "*Risk Factors*" in this Base Prospectus are not exhaustive. Other sections of this Base Prospectus describe additional factors that could adversely affect the Issuer's and the Group's results of operations, financial condition, liquidity and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

## CERTAIN DEFINED TERMS

References to the "**Issuer**", the "**Bank**" or the "**Company**" are to Banca Ifis S.p.A.; references to the "**Group**" are to the Issuer and its consolidated subsidiaries.

References to the "**Agent**" are to BNP Paribas, Luxembourg Branch, as issuing and principal paying agent, and any successor issuing and principal paying agent appointed from time to time in connection with the Notes.

References to the "**Paying Agent**" for (i) the Notes in Physical Form are to BNP Paribas, Luxembourg Branch and (ii) the Dematerialised Notes are to the Issuer, as paying agent, and any successor or additional paying agents appointed from time to time in connection with the Notes.

References to "**€**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended.

References to "**billions**" are to thousands of millions.

References to the "**English Law Notes in Physical Form**" are to the Notes governed by English law, references to the "**Italian Law Notes in Physical Form**" are to the Notes governed by Italian law and references to the "**Dematerialised Law Notes**" are to the Notes governed by Italian law and issued in dematerialised form. References to the "**Notes**" shall be to the English Law Notes in Physical Form, the Italian Law Notes in Physical Form and/or the Dematerialised Notes, as appropriate.

References to the "**Terms and Conditions**" or the "**Conditions**" shall be to the Terms and Conditions for the English Law Notes in Physical Form, the Terms and Conditions for the Italian Law Notes in Physical Form and/or the Terms and Conditions for the Dematerialised Notes, as appropriate. For the avoidance of doubt, in "*Terms and Conditions for the English Law Notes in Physical Form*", references to the "Notes" shall be to the English Law Notes in Physical Form, in "*Terms and Conditions for the Italian Law Notes in Physical Form*", references to the "Notes" shall be to the Italian Law Notes in Physical Form and in "*Terms and Conditions for the Dematerialised Law Notes*", references to the "Notes" shall be to the Dematerialised Law Notes. In addition, any reference to a numbered Condition is to the correspondingly numbered provision of the Terms and Conditions for the English Law Notes in Physical Form, the Terms and Conditions for the Italian Law Notes in Physical Form and/or the Terms and Conditions for the Dematerialised Notes, as appropriate.

References to "**IFRS**" in this Base Prospectus are to International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Commission, which are those required to be used by companies listed on regulated markets in the European Union.

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## OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, a new Base Prospectus or a drawdown prospectus, if appropriate, in the case of listed Notes only, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Overview constitutes a general description of the Programme for the purposes of Article 25.1 of Commission Delegated Regulation (EU) No 2019/980 supplementing the Prospectus Regulation.

Words and expressions defined in "*Form of the Notes*", "*Terms and Conditions for the English Law Notes in Physical Form*", "*Terms and Conditions for the Italian Law Notes in Physical Form*" and "*Terms and Conditions for the Dematerialised Notes*" shall have the same meanings in this overview.

<b>Issuer:</b>	Banca Ifis S.p.A.
<b>Issuer Legal Entity Identifier (LEI):</b>	8156005420362AE59184
<b>Arranger:</b>	Banco Santander, S.A.
<b>Dealers:</b>	Banca Akros S.p.A., Banco Santander, S.A., Barclays Bank Ireland PLC, BNP Paribas, Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank, S.A., Deutsche Bank Aktiengesellschaft, Goldman Sachs International, Intermonte SIM S.p.A., Intesa Sanpaolo S.p.A., J.P. Morgan SE, Mediobanca – Banca di Credito Finanziario S.p.A., Morgan Stanley & Co. International plc, NatWest Markets N.V., Nomura Financial Products Europe GmbH, Société Générale, Stifel Europe Bank AG, UBS Europe SE and UniCredit Bank AG and any other Dealer appointed from time to time by the Issuer, either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Issuing and Principal Paying Agent (for Notes in Physical Form):</b>	BNP Paribas, Luxembourg Branch.
<b>Paying Agent for the Dematerialised Notes:</b>	Banca Ifis S.p.A.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Clearing Systems:</b>	Euroclear, Clearstream Luxembourg, Monte Titoli and/or, in relation to any Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Initial Programme Amount:</b>	The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €5,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement). The Issuer may increase the amount of the Programme, from time to time, in accordance with the terms of the Dealer Agreement.
<b>Issuance in Series:</b>	Notes may be issued on a syndicated or non-syndicated basis and will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations.

**Final Terms:**

Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the relevant Terms and Conditions and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the relevant Terms and Conditions as completed by the applicable Final Terms.

In addition, where the Issuer agrees with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "*Form of Final Terms*", a drawdown prospectus will be made available and will describe the effect of the agreement in relation to such Notes.

**Currencies:**

Subject to any applicable legal and/or regulatory and/or central bank requirements, any currency agreed between the Issuer and the relevant Dealer as specified in the applicable Final Terms.

**Status of the Notes:**

Notes may be issued on a senior basis, senior non-preferred basis or subordinated basis, as specified in the applicable Final Terms (see Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*) and 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*) and 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*), 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Dematerialised Notes.

If specified in the applicable Final Terms Notes, Italian Law Notes in Physical Form and Dematerialised Notes may be also issued as Additional Tier 1 Notes (see Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and conditions for the Italian Law Notes in Physical Form and Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes).

The Senior Notes (and the Coupons of the Notes in Physical Form) will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Senior Notes (and the Coupons of the Notes in Physical Form) 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, subject to any applicable legislation that permits or requires certain such indebtedness or obligations to rank either junior or senior to the Senior Notes.

Subject to the provisions of Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the Dematerialised Notes, as applicable, Senior Non-Preferred Notes (and any related Coupons of the Notes in Physical Form) 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, senior to the Senior Non-Preferred Notes, including claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR, 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 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, all as described in Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form, Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the Dematerialised Notes and the applicable Final Terms.

Subject to the provisions of Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Dematerialised Notes, as applicable, Subordinated Notes (and any related Coupons of the Notes in Physical Form) constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves, all as described in Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form, Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Dematerialised Notes and the applicable Final Terms.

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 of the Notes in Physical Form) will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes (and their respective Coupons of the Notes in Physical Form)) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*)) but (B) 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 (C) 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 (including Additional Tier 1 Capital).

In the event the Subordinated Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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*).

Subject to the provisions of Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised 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, for so long as the relevant Series of Subordinated Notes qualify, in whole or in part, as Additional Tier 1 Capital:

- (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 subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), 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 are fully excluded from the Issuer's Additional Tier 1 Capital and for so long as they qualify as, in whole or in part, as Tier 2 Capital, such Additional Tier 1 Notes shall rank (i) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes, Senior Non-Preferred Notes (and the respective Coupons of the Notes in Physical Form)) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than 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 (including any subordinated

instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), (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 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 (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 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), including Additional Tier 1 Capital.

In the event the Additional Tier 1 Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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*).

**Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event:** With respect to the English Law Notes in Physical Form only, if Modification or Substitution of Subordinated Notes for Regulatory Event or Tax Event is specified as applicable in the Final Terms, the Issuer may without the consent of the holders of Subordinated Notes substitute new notes for the Subordinated Notes whereby such new notes shall replace the Subordinated Notes, or vary the terms of the Subordinated Notes subject to Condition 18.1 (*Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event*) of the Terms and Conditions for the English Law Notes in Physical Form.

**Modification or Substitution of Senior Notes and Senior Non-Preferred Notes following a MREL Disqualification Event** With respect to the English Law Notes in Physical Form only, if Modification or Substitution of Notes for MREL Disqualification Event is specified as applicable in the Final Terms, the Issuer may without the consent of the holders of Senior Notes or Senior Non-Preferred Notes substitute new notes for the Senior Notes or Senior Non-Preferred Notes whereby such new notes shall replace the Senior Notes or Senior Non-Preferred Notes, or vary the terms of the Senior Notes or Senior Non-Preferred Notes subject to Condition 18.2 (*Modification or Substitution of Senior Notes and Senior Non-Preferred Notes following a MREL Disqualification Event*) of the Terms and Conditions for the English Law Notes in Physical Form.

**Maturities:** Any maturity or no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In the case of Senior Non-Preferred Notes, unless otherwise permitted by current laws, regulations, directives and/or the Relevant Authority's requirements applicable to the issue of Senior Non-Preferred Notes by the Issuer, Senior Non-Preferred Notes shall have a maturity of not less than twelve months.



In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Relevant Authority's requirements applicable to the issue of Subordinated Notes by the Issuer, Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue).

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.

Unless previously redeemed or purchased and cancelled as provided in the relevant Conditions, 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 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Dematerialised Notes) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 16 (*Taxation*).

"**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.

**Issue Price:**

Notes may be issued at any price, as specified in the applicable Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Form of Notes in Physical Form:**

The Notes in Physical Form will be in bearer form and will on issue be represented by either a Temporary Global Note or a Permanent Global Note as specified in the relevant Final Terms. Temporary Global Notes will be exchangeable for either (i) interests in a Permanent Global Note or (ii) definitive Notes, as indicated in the relevant Final Terms. Permanent Global Notes will be exchangeable for definitive Notes upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on

the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of the events described under "*Form of the Notes*".

**Form of the Dematerialised Notes:**

The Dematerialised Notes will be in bearer form and will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg. The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will at all times be held in book entry form and title to the Dematerialised Notes will be evidenced by book entries pursuant to the relevant provisions of the Financial Services Act and in accordance with the CONSOB and Bank of Italy Joint Regulation. The Noteholders may not require physical delivery of Dematerialised Notes. However, the Noteholders may ask the relevant intermediaries for certification of their holding pursuant to Article 83-*quinquies* and 83-*sexies* of the Financial Services Act.

**Interest:**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate, or interest may initially accrue at a fixed rate and then switch to a floating rate, or interest may initially accrue at a floating rate and then switch to a fixed rate or otherwise. The method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

**Redemption:**

Subject to any purchase and cancellation or early redemption or repayment, Notes are redeemable at par as specified in the applicable Final Terms.

The redemption of Senior Notes and Senior Non-Preferred Notes pursuant to Conditions 11.2 (*Redemption for Taxation Reasons*), 11.4 (*Redemption at the Option of the Issuer*) and 11.8 (*Issuer Call Due to a MREL Disqualification Event*) of the Terms and Conditions for the English Law Notes in Physical Form, Conditions 15.3 (*Redemption for Taxation Reasons*), 15.5 (*Redemption at the Option of the Issuer*) and 15.10 (*Issuer Call Due to a MREL Disqualification Event*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Conditions 15.5 (*Redemption at the Option of the Issuer*) and 15.10 (*Issuer Call Due to a MREL Disqualification Event*) of the Terms and Conditions for the Dematerialised Notes shall be subject to compliance by the Issuer with any conditions to such redemption or purchase prescribed by the MREL Requirements at the relevant time, including, as relevant, the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR.

The redemption at maturity of Subordinated Notes pursuant to Condition 11.1 (*Final Redemption*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.1 (*Final Redemption*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.1 (*Final Redemption*) of the Terms and Conditions for the Dematerialised Notes and any early redemption pursuant to Conditions 11.2 (*Redemption for Taxation Reasons*), 11.3 (*Redemption for Regulatory Reasons*) and 11.4 (*Redemption at the Option of the Issuer*) of the Terms and Conditions for the English Law Notes in Physical Form, Conditions 15.3 (*Redemption for Taxation Reasons*), 15.4 (*Redemption for Regulatory Reasons*) and 15.5 (*Redemption at the Option of the*

*Issuer*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Conditions 15.3 (*Redemption for Taxation Reasons*), 15.4 (*Redemption for Regulatory Reasons*) and 15.5 (*Redemption at the Option of the Issuer*) of the Terms and Conditions for the Dematerialised Notes shall be subject to the prior approval of the Relevant Authority and in accordance with applicable laws and regulations, including Articles 77 and 78 of the CRR or, if different, the then Applicable Banking Regulations, and is subject to the provisions of Condition 11.6 (*Redemption of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes.

If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Relevant Authority for its consent to such redemption as soon as the conditions permit. The Issuer will use its best endeavours to maintain the required regulatory capital and to obtain such approval.

Unless previously redeemed or purchased and cancelled as provided in the relevant Conditions, 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 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Dematerialised Notes) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 16 (*Taxation*).

#### **Optional Redemption:**

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in case of Senior Notes and Senior Non-Preferred Notes) at the option of the Issuer due to a MREL Disqualification Event and/or (where the Notes are Senior Notes) at the option of the Noteholders to the extent (if at all) specified in the applicable Final Terms and subject to all relevant legal and regulatory requirements.

In the case of Subordinated Notes and Additional Tier 1 Notes, early redemption may occur only with the prior approval of the Relevant Authority and in accordance with applicable laws and regulations, including Articles 77 and 78 of the CRR.

In the case of Senior Notes and Senior Non-Preferred Notes, early redemption shall be subject to the prior approval of the Relevant Authority and in accordance with applicable laws and regulations, including Article 78(a) of the CRR.

#### **Tax or Regulatory Redemption**

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in

Conditions 11.2 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Dematerialised Notes, as applicable. In the case of (i) Subordinated Notes, for regulatory reasons, in accordance with Condition 11.3 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form; (ii) Subordinated Notes and Additional Tier 1 Notes, for regulatory reasons, in accordance with Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and (iii) Subordinated Notes and Additional Tier 1 Notes, for regulatory reasons, in accordance with Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes.

**Clean-up Redemption Option:**

Notes may be redeemed, in whole but not in part and to the extent (if at all) specified in the relevant Final Terms, if 75% or any higher percentage specified in the relevant Final Terms of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuers and cancelled. Any such redemption shall be subject to the prior consent of the Regulatory Authority.

**Other provisions in relation to Italian Law Notes in Physical Form and Dematerialised Notes which are Additional Tier 1 Notes:**

*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.

Interest shall also be cancelled if a Contingency Event occurs, as set out in Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Dematerialised Notes.

See Condition 12.5 (*Cancellation of Interest Amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.5 (*Cancellation of Interest Amount*) of the Terms and Conditions for the Dematerialised Notes.

**"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.

**"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.

*Calculation of Interest Amount in case of Write-Down*

Subject to Condition 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Dematerialised Notes, in the event that a Write-Down occurs during an Interest Period, any accrued and unpaid interest shall be cancelled pursuant to Condition 13.2(c)

(*Loss absorption*) of the Terms and Conditions for the Italian Law Notes and Condition 13.2(c) of the Terms and Conditions for the Dematerialised Notes and the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 12.2 (*Calculation of Interest Amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.2 (*Calculation of Interest Amount*) of the Terms and Conditions for the Dematerialised Notes, *provided that* the Day Count Fraction shall be determined as if such Interest Period started on, and included, the Write-Down Effective Date.

*Calculation of Interest Amount in case of Write-Up*

Subject to Condition 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.5 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Dematerialised Notes, 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).

*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).

*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 20 (*Notices*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition of the Terms and Condition 19 for the Dematerialised Notes), 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 13.2(c) (*Loss absorption*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.2(c) (*Loss absorption*) of the Terms and Conditions for the Dematerialised Notes 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.

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 13.2 (*Loss absorption*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Dematerialised Notes 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).

**"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.

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

**"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.

**"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.

**"Write-Down Amount"** means the amount by which the then Prevailing 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.

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 Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Dematerialised Notes; 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.

See Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.2 (*Loss absorption*) of the Terms and Conditions for the Dematerialised Notes.

*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 Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Dematerialised Notes 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.

**"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.

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

**"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 Prevailing 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 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Dematerialised Notes in the circumstances existing on the date of the relevant Write-Up.

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 Condition 13.4 of the Terms and Conditions for the Italian Law Notes in Physical Form and 13.4 of the Terms and Conditions for the Dematerialised Notes 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 Condition 13.4 of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 of the Terms and Conditions for the Dematerialised Notes 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 Condition 13.4 of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 of the Terms and Conditions for the Dematerialised Notes on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to Condition 13.4 of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 of the Terms and Conditions for the Dematerialised Notes.

If the Issuer decides to Write-Up the Additional Tier 1 Notes pursuant to Condition 13.4 of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 of the Terms and Conditions for the Dematerialised Notes, 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 20 (*Notices*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 19 (*Notices*) of the Terms and Conditions for the Dematerialised Notes and to the Agent. Such Write-Up Notice shall be given at least 10 Business Days prior to the date on which the relevant Write-Up becomes effective.

See Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Dematerialised Notes.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 and, in the case of Senior Non-Preferred Notes, €150,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). The minimum denomination of each Subordinated Note or Additional Tier 1 Note will be €200,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).

**Taxation:**

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will (subject as provided in Condition 12 (*Taxation*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 16 (*Taxation*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 16 (*Taxation*) of the Terms and Conditions for the Dematerialised Notes, as applicable) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

However, as more fully set out in Condition 12 (*Taxation*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 16 (*Taxation*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 16 (*Taxation*) of the Terms and Conditions for the Dematerialised Notes, the Issuer will not be liable to pay any additional amounts to Noteholders with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 on account of Italian substitute tax (*imposta sostitutiva*), as defined therein in relation to interest or premium payable on, or other income deriving from, any Notes. See "*Taxation*" below.

**Negative Pledge:**

None.

**Rating:**

Tranches or Series of Notes to be issued under the Programme will be rated or unrated. Where a Tranche or Series of Notes is to be rated, such rating will not necessarily be the same as the rating that may be assigned to the Issuer or to Notes already issued. Where a

Tranche or Series of Notes is rated, the applicable rating(s) may be specified in the applicable Final Terms.

Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**") or by a credit rating agency established in the United Kingdom and registered under the EU CRA Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"), will be disclosed in the Final Terms.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

**Listing and admission to trading:**

The CSSF has approved this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law of the Notes in Physical Form:**

The English Law Notes in Physical Form, except for Conditions 2.A (*Status of Senior Non-Preferred Notes*), 3 (*Status of Subordinated Notes*), 11.6 (*Redemption of Subordinated Notes*), 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) and 24 (*Contractual Recognition of Bail-in Powers*) of the Terms and Conditions for the English Law Notes in Physical Form, and any non-contractual obligations arising from or connected with the Terms and Conditions for the English Law Notes in Physical Form, shall be governed by, and shall be construed in accordance with, English law.

Conditions 2.A (*Status of Senior Non-Preferred Notes*), 3 (*Status of Subordinated Notes*), 11.6 (*Redemption of Subordinated Notes*), 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) and 24 (*Contractual Recognition of Bail-in Powers*) of the Terms and Conditions for the English Law Notes in Physical Form, and any non-contractual obligations arising from or connected with those Conditions, shall be governed by, and shall be construed in accordance with, Italian law.

Italian Law Notes in Physical Form and any non-contractual obligations arising from or connected with the Terms and Conditions for the Italian Law Notes in Physical Form, shall be governed by, and shall be construed in accordance with, Italian law.

**Governing Law of the Dematerialised Notes:**

The Dematerialised Notes and any non-contractual obligations arising out of or in connection with the Dematerialised Notes, will be governed by, and shall be construed in accordance with, Italian law.

**Enforcement of English Law Notes in Physical Form in Global Form:**

In the case of Global Notes representing English Law Notes in Physical Form, individual investors' rights against the Issuer will be

governed by a Deed of Covenant dated 19 July 2023 a copy of which will be available for inspection at the specified office of the Agent.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including, without limitation, the Republic of Italy and France), the United Kingdom, Japan, Singapore and such other restrictions as may be required or applied in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

**United States Selling Restrictions:**

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

**Prohibition of Sales to EEA Retail Investors:**

If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area.

**Prohibition of Sales to UK Retail Investors:**

If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the United Kingdom.

**Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" above and include risks relating to the economic conditions in Italy and relating to the operating and general banking risks. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and include risks related to the structure of a particular issue of Notes and risks common to the Notes generally.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but this is not an exhaustive list or explanation of all risks which investors may face when making an investment in Notes issued under the Programme. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risk of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including the information incorporated by reference herein) and consider carefully whether an investment in Notes issued under the Programme is suitable for them in light of the information contained in this Base Prospectus and their personal circumstances, based upon their own judgment and upon the advice from such financial, accounting, legal, tax and other advisers as they may deem necessary.*

*Words and expressions defined elsewhere in this Base Prospectus have the same meaning in this section, unless otherwise noted. Prospective investors should read the entire Base Prospectus, including the information incorporated by reference.*

### RISK FACTORS RELATING TO THE ISSUER

The risks below have been classified into the following categories:

- Risks related to the impact of global macro-economic factors;
- Risks relating to European and Italian banking regulations; and
- Risks relating to the Issuer's business activities and industry.

#### Risks related to the impact of global macro-economic factors

***The Issuer's business and results are affected by economic conditions in Italy and, more generally, by a volatile macroeconomic environment, the consequences arising from the ongoing international conflict between Russia and Ukraine and other factors***

The global economy, the sovereign debt crisis in Europe, the condition of financial markets and adverse macroeconomic developments in Italy, the Issuer's primary market, could all influence the Issuer's performance. The Issuer's earning capacity and stability could be affected by the overall economic situation and by the dynamics of financial markets.

The Issuer generated over 99 per cent. of its operating income in Italy and its results therefore depend on economic conditions in Italy which, in turn, are affected by European and global economic trends. Italy's economic performance has been significantly influenced by the international financial crisis and has been characterised by stagnation. Political instability, if material, could negatively affect the country's economic recovery, and it cannot be ruled out that changes to economic policies and/or political instability could have a material adverse effect on the Group's business, results of operations and financial condition.

The current macroeconomic situation is characterised by high levels of uncertainty, due in part to the following:

- the disruptive effects of the coronavirus pandemic ("**COVID-19**") and its impact and market consequences on global growth and countries' economies, Italy included;
- the impact on the global economy of the Russian invasion of Ukraine and of the ongoing conflict;
- weak economic growth in Italy in recent years, alternating with periods of outright recession, as well as endemic political instability;
- the risks related to a high increase of inflation, which may lead to a further fall in consumer spending in Italy;

- concerns over the long-term sustainability of the European single currency and uncertainty over the continuation of financial support from the European Central Bank ("ECB");
- future developments in the ECB and Federal Reserve monetary policies;
- the sustainability of the sovereign debt of certain countries, including Italy, and the related, repeated shocks to the financial markets;
- a possible global trend towards protectionism;
- despite recent progress in the trade relationship between the U.S. and China, the remaining aspects of the economic conflict that escalated between those countries in 2018-19 and its effect on international trade and global production;
- confirmation of growth trends, or recovery and consolidation perspectives, for the U.S. and Chinese economies, which have shown consistent progress in recent years but have recently lost momentum;
- international banking system crisis due to a series of recent events in the US banking sector and Swiss banking sector which could led to a sudden increase in risk aversion in global financial markets; and
- the potential negative impacts on the economy arising from climate change and global warming at both a global and regional level.

More specifically, as to the risks relating to the outbreak of COVID-19, prospective investors' attention is drawn to the fact that, although the global health situation has improved and COVID-19 is not currently categorised by the World Health Organization as a pandemic, COVID-19, and interventions by governments and central banks to contain the pandemic and address the health crisis, have resulted in unprecedented volatility as well as economic and financial disruptions in Italy and worldwide through 2021 and 2022 and may continue to do so for an unforeseeable period. As a consequence, the degree to which COVID-19 may affect the Issuer's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Base Prospectus, are highly uncertain and cannot be predicted.

In addition, as to the risks relating to the outbreak and persistence of the Russian-Ukrainian conflict, prospective investors' attention is drawn to the fact that on 24 February 2022, Russia launched a full-scale invasion of Ukraine, marking a steep escalation in the Russian-Ukrainian conflict (the "**Conflict**"). Well over a year after, the Conflict's economic impact is still reverberating around the world. The war has weighed and continues to weigh negatively on global economic activity, adding to inflationary pressures worldwide and impeding the post-pandemic recovery. Therefore, the Conflict is having a severe impact on global economy and the resulting negative outcomes may continue for an unforeseeable period, because of the protraction, and potential further escalation, of the Conflict that could have a significant adverse impact on the regional and global economic environment for extended periods.

The economic consequences derived from the Conflict includes, *inter alia*, (i) a significant disruption in the energy markets with a steep increase in the price of gas, oil and other related products that translated in an increase of the energy prices for corporates and families in those countries which rely the most in Russian fossil resources, including Italy ; (ii) the risk of deterioration of the credit profile of a considerable number of countries (including Italy), that are extremely dependent on imports from Russian; and (iii) severe financial difficulties for many businesses.

Financial downward trends may also affect many Issuer's and the Group's customers and counterparties whose cash flows are extremely dependent on the energy price, leading to the possibility of insolvencies and income issues for the Issuer.

If the Conflict is not resolved in the short term, this will have a negative impact on the global economy, which is outside of the control of the Issuer, which in turn would have an impact on the Issuer's financial profile resulting in, *inter alia*, credit quality deterioration and higher impairments.

In March 2023, volatility in the international financial markets increased abruptly following a series of events in the US banking sector. The most important of these was the failure of Silicon Valley Bank, which was declared insolvent on 10 March 2023 after it failed to cover losses on a large sale of securities, leading to a collapse in its share price and a huge outflow of deposits. Almost simultaneously, two other smaller US banks - Silvergate Bank and Signature Bank - also failed. Then, in the week of 13 March 2023, the Swiss bank Credit Suisse was hit by a crisis of confidence that caused its share price to fall sharply on the stock markets. The combination of these events fuelled fears of contagion and led to a sudden increase in risk aversion in global financial markets.



Substantial falls, which were later largely reversed, also affected bank share prices in the euro area. At the date of this Base Prospectus, the Group does not have investments in any of the aforementioned counterparties.

In addition, a number of uncertainties remain in the current macroeconomic environment, such as, (i) risks related to a high increase of inflation. The inflation outlook continues to be too high for too long. Although headline inflation has declined over recent months, underlying price pressures remain strong. The uncertainty related to the evolution of the macroeconomic scenario could affect the Issuer's and the Group's business (as well as the banking sector overall), affecting results of operations and financial conditions as well as capital and liquidity levels over time, thereby resulting in the higher provisioning of credit exposures, lower evaluation of financial securities and a lower level of collateralisation on the liquidity side; (ii) declining or stagnating GDP, increasing or stagnating unemployment and poor conditions in the capital markets in Italy could decrease consumer confidence and investment, and result in higher rates of loan impairment and/or non-performing loans and default and insolvency, causing an overall reduction in the demand for the Issuer's services; (iii) the ECB, in the Euro area, and the Federal Reserve System's, in the US, monetary policy effectiveness and their future developments, adverse future developments in the Dollar area, policies implemented by other countries aimed at promoting their currencies' competitive devaluations and (iv) sovereign debt sustainability of certain countries and the related recurring tensions on the financial markets.

All of the abovementioned factors could result in potential losses, an increase in the Issuer's borrowing costs, or a reduction in value of its assets, with possible negative effects on the business, financial conditions and/or results of operations of the Issuer.

#### ***Economic uncertainty could significantly affect the Issuer's customer and debtor performance***

The Issuer is exposed to the risk that its customers or their debtors may become subject to bankruptcy or insolvency proceedings and, as a result, may not be able to meet their contractual obligations or enter into new contractual obligations or that debtors may cause the deterioration of its asset quality. The past economic dynamic already mentioned in section *"The Issuer's business and results are affected by economic conditions in Italy and, more generally, by a volatile macroeconomic environment, the consequences arising from the ongoing international conflict between Russia and Ukraine and other factors"* above could increase the bankruptcy rate of both individual and corporate customers.

In addition, the ongoing Conflict, the recent crisis in the financial markets and the global economic slowdown, have all reduced and may further reduce, the profitability of companies and/or adversely affect the ability of customers and debtors to honour their commitments, resulting in a significant deterioration in credit quality in the areas of activity of the Issuer.

In the case of customers, this could entail non-payment of commission for the Issuer's credit management services. Such risk is heightened in dealing with new or small size corporates, although the Issuer carries out credit analysis prior to engaging with them.

In addition, since the Issuer's business is focused primarily on Italy and, to a lesser extent, Poland, a return of adverse economic conditions in Italy and Poland could have a significant effect on the credit profile of debtors and their ability to meet payment obligations when due, which, in turn, could have a material adverse effect on its business, results of operations and financial condition.

The Issuer is also exposed to sovereign risks in each of the countries in which it operates (mainly in Italy, but also in Poland). Although the Issuer believes that the risk of insolvency of public debtors in these countries is low, if the central governments of these countries were to default, the public debtors themselves would no longer be able to rely on government funding and as a result would no longer be able to repay their debts. Furthermore, the Issuer is exposed to the sovereign debt of the Italian government. The credit standing of the Italian government, like that of other sovereign states, is subject to monitoring and evaluation by rating agencies. The book value of Italian government securities held by the Issuer as at 31 December 2022 amounted to €391.8 million measured at fair value and €1,527.6 million measured at amortised cost, and at 31 December 2021 amounted to €469.6 million measured at fair value and €1,648.6 million measured at amortised cost.

Therefore, any deterioration in economic conditions or any changes in the regulatory landscape could have a material adverse effect on the Issuer's business, results of operations and financial condition.

## Risks relating to European and Italian banking regulations

### *Extensive regulation in the banking sector may adversely affect the Issuer's business*

The Issuer operates in a highly regulated environment for banks and the laws and government regulations related to its industry may change from time to time. In particular, the Issuer is subject to extensive regulation and supervision by the Bank of Italy, the ECB, the European Banking Authority ("**EBA**") and the European System of Central Banks. The Issuer is subject to law and regulations that govern the activities carried out by banks and are aimed at maintaining banks' safety and soundness and limiting their exposure to risk. In addition, the Issuer must comply with any financial services law which may apply to its marketing and selling activities.

The Issuer has established specific procedures and internal policies to comply with applicable regulations. However, the Issuer cannot rule out any breach of such regulations in the future, particularly with respect to anti money laundering and fairness in dealing with clients, or any failure by the competent authorities to interpret such regulations correctly or any inspections by the Bank of Italy having a negative outcome. This could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Basel III proposals were implemented by the Capital Requirements Directive 2013/36/EU ("**CRD IV**"), as amended by the Directive (EU) 2019/878 ("**CRD V**"), and the Capital Requirements Regulation (Regulation (EU) No 575/2013) ("**CRR**"), as amended by the Regulation (EU) 2019/876 ("**CRR II**"). See "*—The Issuer may be unable to meet the minimum capital adequacy requirements*" below.

In addition, in June 2012 the European Commission published the Bank Recovery and Resolution Directive (Directive 2014/59/EU) ("**BRRD**"), as amended by the Directive 2017/2399 (the "**BRRD Amending Directive**") and the Directive 2019/879 (the "**BRRD II**" and, jointly with the BRRD and the BRRD Amending Directive, the "**BRRD Package**") a legislative proposal for a directive providing for the establishment of an EU wide framework for the recovery and resolution of credit institutions and investment firms. The stated aim of the BRRD Package is to provide authorities with common tools and powers to address banking crisis pre-emptively to safeguard financial stability and minimise taxpayers' exposure to losses, including the so-called "bail-in" tool which has been applied by Member States since 1 January 2016. The BRRD Amending Directive created a new category of senior non-preferred debt instruments, that will be eligible for the purposes of the "minimum requirement for Own Funds and eligible liabilities". Such instruments will be subject to bail-in and rank between current senior unsecured liabilities and capital instruments. The new creditor hierarchy will not have a retroactive effect and will only apply to new issuances. The powers set out in the BRRD Package will affect how credit institutions and investment firms are managed, as well as, in certain circumstances, the right of creditors such as Noteholders, as described in further details under "*– Risks applicable to all Notes—The Bank Recovery and Resolution Directive may affect the Notes*".

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

On 20 March 2017, the ECB published the "Guidance to banks on Non Performing Loans" (the "**Guidance on NPLs**"), setting out measures, processes and best practices related to the management of NPLs. The Guidance on NPL was integrated by the "Addendum to the Guidance to banks on Non Performing Loans" (the "**ECB Addendum**"), which was published by the ECB on 15 March 2018 and entered into force on 1 April 2018. The ECB Addendum sets out the supervisory expectations for prudent levels of provisions for new NPLs (for instance, as of 1 April 2018, new unsecured NPLs must be fully covered after a period of two years from the date of their classification as NPLs while, as regards new secured NPLs, a certain level of provisioning is expected after three years of classification as an NPL).

Notwithstanding the non-binding nature of the Guidance on NPLs, as integrated by, respectively, the ECB Addendum and the "supervisory expectations for provisioning of NPE stock (i.e., exposures classified as NPE on 31 March 2018)" as communicated in a press release issued on 11 July 2018 (together representing the "ECB's Pillar 2" approach to coverage expectations for NPEs), banks should explain, upon supervisory request, any divergences from the prudential expectations set out therein.

The supervisory approach to NPLs was further strengthened at the end of 2018 when the EBA published two sets of guidelines relating to NPEs, namely (i) the guidelines of 31 October 2018 on management of non-performing

and forborne exposures and (ii) the guidelines of 17 December 2018 on disclosure of non-performing and forborne exposures.

In addition, in its "Action plan to tackle non-performing loans in Europe" of 11 July 2017, the Council of the European Union called on various European institutions to take appropriate measures to further address the high stock of NPEs in the EU and prevent their build-up in the future. As one of the deliverables, Regulation (EU) 2019/630 amending the CRR (Regulation (EU) No. 575/2013) as regards minimum loss coverage for non-performing exposures was published in the Official Journal of the EU on 25 April 2019. This established prudential treatment under Pillar 1 for NPEs arising from loans originated from 26 April 2019 onwards. These Pillar 1 rules are legally binding and apply to all banks established in the EU.

Regulation (EU) 2019/630 requires a deduction from Own Funds for NPEs which are not sufficiently covered by provisions or other adjustments. Pillar 1 NPE treatment fully applies: (i) after 3 years of NPE status for unsecured NPEs; (ii) after 9 years of NPE status for secured NPEs secured by immovable collateral and residential loans guaranteed by an eligible protection provider as defined in Regulation (EU) No. 575/2013; and (iii) after 7 years of NPE status for other secured NPEs. Moreover, it also specifies paths to full implementation for unsecured and secured exposures before 3/7/9 years of NPE status (as stipulated in Article 1 of Regulation (EU) 2019/630 amending Regulation (EU) No. 575/2013 (CRR)).

Following the entry into force of the Regulation (EU) 2019/630, ECB has further revised its supervisory expectations for the prudential provisioning of NPEs specified in the ECB Addendum by means of a communication dated 22 August 2019. Such document (i) clarifies aspects relating to the EBA's publication of NPE-related Guidelines; (ii) provides further details regarding the ECB's supervisory expectations for provisioning of NPE stock, (iii) clarifies the interaction between the ECB's NPE coverage expectations under Pillar 2 and the Pillar 1 prudential NPE rules, and (iv) summarises adjustments to the Pillar 2 approach in respect of supervisory expectations for prudential provisioning for new NPEs in scope of the ECB Addendum.

In addition to the above, in 2016, the EBA published the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013" (the "**EBA Guidelines**"), whose aim is to harmonise the definition of default across the European prudential framework and improve consistency in the way European banks apply regulatory requirements to their capital positions. The provisions set forth therein apply from 1 January 2021: therefore, institution should implement the guidelines in their internal procedures and IT systems by that time (although competent authorities may accelerate the timeline of this transition at their discretion). It is reasonable to assume that the new definition will materially impact the European banking system, in particular in relation to the own fund requirements and capital adequacy ratios.

As some of the banking laws, regulations and provisions (including the above-mentioned Pillar 2 and the Pillar 1 prudential NPE rules) which apply to the Issuer's business have only recently been adopted, the manner in which those laws and regulations are applied to the operations of financial institutions is still evolving. There can be no assurance that such laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on its business, financial condition and results of operations.

In addition, the introduction of a minimum statutory backstop for prudential provisioning on NPLs could require the Issuer to increase its coverage ratios on newly originated NPLs. The same outcomes may derive from the satisfaction of the quantitative expectations set out in the ECB Addendum. This may cause adverse effects on the business, financial condition and results of operation of the Issuer.

Moreover, the Issuer's factoring business is subject to extensive and complex legislation and regulations, the most significant of which is Directive 2011/7/EU, which is applicable to late payments and establishes, among other things, the rate of late payment interest. The application of this directive in Italy and Poland enables the Issuer with a reasonable degree of certainty and uniformity to make profit estimates for the Issuer's non-recourse factoring business. Any changes to the current regulations, including at an EU level, could lead to unanticipated costs and have a material adverse effect on its business, financial condition and results of operations. In particular, any significant reductions to late payment interest rates could adversely affect its profitability.

Moreover, the Basel Committee on Banking Supervision has embarked on a very significant risk weighted average ("**RWA**") variability agenda. This includes the "Fundamental Review of the Trading Book", revised standardised approaches (e.g., credit, market, operational risk), constraint on the use of internal models, as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against the exposures assessed via standardised approach and on those evaluated via an internal ratings-based approach ("**IRB**"), due to the introduction of capital floors that, according to the new framework, will be calculated based on the revised standardised approach. Implementation of these new rules on

risk models, which should have taken effect from 1 January 2022, are now expected to take effect from 1 January 2025.

The introduction of new regulations in the future or any changes to the legislation currently in force in the countries in which the Issuer operates may require the Issuer to comply with new standards in ways that the Issuer cannot currently predict or restrict the Issuer's ability to do business in those countries. As a result, the Issuer could incur additional costs from having to adapt the features of its products and services or distribution and control structures to comply with such new regulations. As a result, the Issuer may also have to limit its operations. This could have a material adverse effect on the Issuer's business, financial condition and results of operations.

#### ***The Issuer may be unable to meet the minimum capital adequacy requirements***

Capital adequacy rules for banks set out the minimum capital, asset quality and risk mitigation instrument prudential requirements. The Basel III framework also provides for the creation of additional capital buffers in excess of the minimum requirements to provide banks with high quality capital resources to be used in times of market stress, as well as to address the risks posed by systemically important banks at a global or domestic level. The total amount of such capital buffers is referred to as the combined buffer requirement (the "**Combined Buffer Requirement**"). The Combined Buffer Requirement must be met through CET1 capital.

A failure to satisfy the Combined Buffer Requirement subjects banks to capital conservation measures, such as restrictions on distributions, including (i) payment of cash dividends, (ii) distribution of fully or partly paid bonus shares or other CET1 capital instruments, (iii) redemption or purchase by an institution of its own shares or other CET1 capital instruments, (iv) a repayment of amounts paid up in connection with CET1 capital instruments and (v) distribution of share premium accounts related to the CET1 capital instruments, retained earnings, accumulated other comprehensive income, other reserves and funds for general banking risk. As at the date of this Base Prospectus the Issuer has complied with this requirement. However, if the Bank of Italy were to require additional capital buffers in the future, the Issuer may fail to meet such requirements or, to comply, the Issuer may have to divert funds which were intended to be used for its core activities. Any such requirements could also have a material adverse effect on its business, results of operations and financial condition.

In addition, the Group is subject to the Pillar 2 requirements for banks imposed under the CRD and CRR, which will be impacted, on an on-going basis, by the relevant supervisory review and evaluation process ("**SREP**"). The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.

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

As of 31 December 2021 and 31 December 2022, the Common Equity Tier 1 capital ratio of the Group was equal to 15.44 per cent. and 15.01 per cent., respectively; as of 31 December 2021 and 31 December 2022, the Total Capital Ratio was equal to 19.63 per cent and 18.82 per cent., respectively. Although the Issuer's capital adequacy levels currently exceed the minimum levels prescribed by the Bank of Italy, no assurance can be given that the Issuer will be able to maintain this capital adequacy level.

Furthermore, the Issuer cannot accurately predict whether future changes may be made to certain criteria established by the European Central Bank in the countries in which the Issuer operates and, whether changes will be made to the exposure classes established by the CRR for states and central administrations (currently 0 per cent.) as well as local authorities (20 per cent.). Accordingly, such changes could make it more difficult for the Issuer to satisfy and comply with capital adequacy levels, standards and/or regulations.

There can be no assurances that the Issuer's capital ratios will not fall below the minimum requirement in future. If this were to occur, the ECB or supervisory authorities may take action that could have a material adverse effect on the Group's business, financial condition and results of operations.

## **Risks relating to the Issuer's business activities and industry**

### ***The Issuer may be unable to meet the 2022/2024 strategic plan***

On 10 February 2022, the board of directors of the Issuer approved a strategic plan, containing the strategic guidelines and economic, financial and capital objectives of the Group for the period of 2022-2024 (the "**Strategic Plan**").

The Strategic Plan is based, among other things, on cross-selling opportunities amongst existing and recently acquired products and services offered that may not materialise, as well as numerous assumptions and estimates some of which relate to events not fully controlled by the Board of Directors of the Group. In particular, the Strategic Plan contains a set of assumptions, estimates and predictions that are based on the occurrence of future events and actions to be taken by management and the Board of Directors of the Issuer also after the respective approval, which include, among other things, various hypothetical assumptions subject to risks and uncertainties arising from the current economic environment, relating to future events and actions of directors and the management of the Group that may not necessarily occur, events, actions, and other assumptions including those related to performance of main economic and financial values or other factors that affect their development over which the directors and management of the Group have no (or have limited) control. These assumptions may or may not occur to an extent and at times different from those projected. Furthermore, events may occur which are unpredictable at the time of the approval of the Strategic Plan. Given that the assumptions underlying the Strategic Plan are inherently affected by subjective assessments, hypotheses and discretionary judgments, should one or more of the underlying assumptions fail to materialise (or materialise only in part) or should the actions taken and choices made by management in the implementation of the Strategic Plan produce effects different from those expected, the targets set forth in the Strategic Plan may not be met (or may be met only partially) and the actual results of the Group may differ, possibly significantly, from the estimated results of the Group envisaged in the Strategic Plan with a consequential negative impact on the business, financial condition and/or results of operations of the Group.

### ***The Issuer may evaluate incorrectly the credit risk associated with the timing and/or the amount of future payments by debtors***

The Issuer aims to estimate the income that it can generate from its receivables portfolio on the basis of its past experience and databases of information relating to debtors.

The pricing of each receivable acquired in the context of the Issuer's non-recourse factoring business is determined on the basis of its "days sales outstanding" ("**DSO**") and the credit assessment of the relevant customer and debtor. This formula allows the Issuer to manage the liquidity it needs to run its business and determine its margins. Therefore, an extension of the Issuer's DSO may cause its liquidity no longer to be sufficient to cover the financing needs of its non-recourse factoring business.

Although the Issuer carefully monitors the payment patterns of debtors through its database, which tracks payment patterns and average DSOs for each debtor to estimate the average timing for collection, it cannot rule out the possibility that its estimates may be incorrect. In addition, since certain of its debtors are public bodies, following the implementation of certain legislative measures aimed at the reorganisation of public administration, the Issuer's counterparties may be replaced by new entities and it may have to interact with new debtors not registered in its database, which could give rise to difficulties in estimating the DSOs and pricing.

Increased inefficiencies in the public sector in Italy or Poland, or deficiencies in their resources, could lead to longer DSOs and, as a result, the Issuer's estimates of timing for collection and future liquidity could be incorrect and management costs could increase. This could have a material adverse effect on its business, results of operations and financial condition.

Non-performing loans are recorded at their amortised cost; the forecast cash-flows on which the calculation of the amortised cost is based are estimated by using a proprietary statistical model whose parameters are based both on internal historical data series and analysis performed by subject matter experts. Significant market deviations from the historical dataset can affect model predictability and the related amount and timing of the estimated cash inflows.

In connection with the non-performing loans portfolios, the Group is exposed to the risks associated with a further deterioration of such portfolios. Notwithstanding the assessment of the non-performing loans portfolios carried out by the Group, an unexpected deterioration in the quality of the assets could derive also from a further deterioration of the generalised economic situation, the average length of judicial and/or enforcement proceedings before the Italian courts or the reference sector of the customers of the Group.

In addition, due to the uncertainties of the current macroeconomic situation as described in section "*The Issuer's business and results are affected by economic conditions in Italy and, more generally, by a volatile macroeconomic environment, the consequences arising from the ongoing international conflict between Russia and Ukraine and other factors*" above, it cannot be excluded that credit quality for 2023 and beyond could be influenced with potential impacts not yet quantifiable.

The above, together with the deterioration of the creditworthiness of customers and debtors and, more generally, any defaults or repayment irregularities, the launch of bankruptcy proceedings by counterparties, the reduction of the economic value of guarantees received and/or the inability to execute the said guarantees successfully and/or in a timely manner, as well as any errors in assessing customers' and debtor's creditworthiness – which may be also due to ineffectiveness of the Issuer's and its Group's risk management methodologies, assessments and processes – could have a material adverse effect on its business, results of operations and financial condition.

***The Issuer is exposed to liquidity risk which is inherent in its banking operations***

Liquidity risk refers to the Issuer's capacity to raise the necessary funds (by increasing liabilities or converting assets) to meet a financial obligation.

The Issuer's business is subject to risks concerning liquidity which are inherent in its banking operations and could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil commitments to lend.

To ensure that the Issuer continues to meet its funding obligations and to maintain or grow its business generally, it relies on online retail deposit accounts and receivables DSOs (e.g., incorrect assumptions of the expected cash inflows), as well as ongoing access to the wholesale lending markets.

Online retail deposit accounts may adversely affect its liquidity soundness because the interest rate policy of competitors or economic market factors could lead to unexpected outflows. Other significant changes in the Issuer's overall liquidity profile could be caused by receivables DSOs (e.g., incorrect assumptions of the expected cash inflows), which may cause a negative liquidity gap and affect its ability to meet financial obligations. Increases in past-due loan amounts could also affect secured funding and, under certain scenarios, act as a trigger event and cause an early termination.

The Issuer's ability to access wholesale and retail funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system.

Any downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur may severely destabilise the markets and have a material adverse effect on the Issuer's operating results, financial condition and prospects. This might also adversely impact on the Issuer's credit rating, borrowing costs and access to liquidity. An Italian sovereign downgrade or the perception that such a downgrade may occur would be likely to have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, depressing economic activity, increasing unemployment, reducing asset prices and consequently increasing the risk of a "double dip" recession.

The global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity and term funding. In particular, the perception of counterparty credit risk between banks has increased significantly, resulting in reductions in inter-bank lending and the level of confidence from banks' customers. Should the Issuer be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, its ability to fund its financial obligations at a competitive cost, or at all, could be affected which, in turn, could have a material adverse effect on its business, results of operations and financial condition.

These factors may adversely impact the Issuer's profitability and financial performance and position and, ultimately, impact its ability to pay interest and repay principal of the Notes in full.

***The Issuer may not be able to cover its exposure to credit and market risk***

Credit risk is the risk of losses resulting from a borrower's, guarantor's, issuer's or counterparty's failure to honour its contractual obligations, whether or not such obligations appear on the Issuer's consolidated statements of financial position.

Market risk refers to the risk of changes in the fair value of financial instruments resulting from fluctuations in the parameters affecting this value, in particular, interest rates, exchange rates, credit spreads and their volatility.

To the extent that any of the instruments and strategies, including legal actions and the enforcement of claims, used by the Issuer to hedge or otherwise manage exposure to credit or market risks are not effective, the Issuer may not be able to effectively mitigate its risk exposure in particular market environments or against types of risk.

The Issuer's trading revenues and interest rate risk may depend upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates and on how effectively it determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

There can, however, be no guarantee that the credit procedures put in place by the Issuer can assess accurately and hedge all of the risks of exposure to borrowers, guarantors, issuers or other counterparty's failure to honour contractual obligations, and increased defaults of these borrowers and/or inadequate loans provisioning, as well as a worsening of the credit rating of counterparties or a material failure to hedge exposures to them, may negatively impact the Issuer's financial condition and results of operation. Moreover, the Issuer remains exposed to the risk of loss as a result of market risk and, principally, the risks of interest rate and exchange rate volatility.

***The Issuer is involved in disputes, investigations and legal proceedings which could have a material adverse effect on the Issuer***

In the ordinary course of its business, the Issuer are exposed to the risk of being party to legal, civil, administrative and tax proceedings or actions. Although it believes that it has set aside sufficient reserves to cover ongoing proceedings, the Issuer cannot predict with certainty the outcome of such proceedings, which may be unfavourable for the Issuer, or whether new unexpected proceedings may arise, both of which could have a material adverse effect on its business, results of operations and financial condition. See also "*Description of the Issuer — Legal Proceedings*".

***The Issuer's business is exposed to a variety of operational risks, including fraud, errors, security breaches or other adverse events, some that are wholly or partially out of its control***

In conducting its business the Issuer is exposed to different types of operational risk, such as the risk of losses resulting from: (i) internal or external fraud, (ii) customer claims and disputes, (iii) unauthorised activity or transactions, (iv) penalties for breaches of any applicable laws, (v) errors, omissions and delays in providing its services, (vi) inadequacy or incorrect functioning of internal procedures, including, in particular, failure to follow procedures for the identification, monitoring and management of business risks, (vii) shortcomings in the preparation and/or preservation of documents relating to its transactions, (viii) lack of resources; and (ix) damage to property caused by weather, other conditions or natural disasters. Although the Issuer has a system of controls and procedures in place to mitigate and minimise the risks connected with its operations, prevent and/or limit their possible negative effect and use various resources to mitigate such risks, these measures may prove to be inadequate to cover all types of risks that could arise. One or more such risks could occur in the future as a result of unpredictable events wholly or partly outside of its control (for example, fraud, scams or losses due to employee negligence or misconduct or violation of control procedures or losses due to natural disasters). The occurrence of any of these risks could have an adverse effect on its business, results of operations and financial condition.

The Issuer's business activities require the Issuer to record and process many transactions and handle large amounts of money accurately on a daily basis. The proper functioning of financial control, accounting or other data collection and processing systems is critical to its business and to its ability to compete effectively. A human or technological failure, error, omission or delay in recording or processing transactions, or any other material breakdown in internal controls, could subject the Issuer to claims for losses from clients, including claims for breach of contractual and other obligations, and to regulatory fines and penalties. Given the Issuer's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified, and there can be no assurance that risk assessments made in advance will adequately estimate the costs of these errors.

Additionally, the Issuer faces the risk of theft, fraud or deception carried out by clients, third-party agents, employees and managers. If persons are able to circumvent its security measures, they could wrongfully use its confidential information or that of its clients, which could expose the Issuer to a risk of loss, regulatory consequences or litigation and could have a negative impact on its reputation and brand name, all of which could have a material adverse effect on its business, results of operations and financial condition.

Furthermore, if any of the Issuer's managers or employees engage in misconduct in carrying out their duties, the mechanisms the Issuer has in place may be deemed inadequate and the Issuer may be subject to sanctions (including fines and, in the most serious cases, disqualification, prohibition from carrying on its business, suspension or revocation of licences and authorisations) which could have an adverse effect on its business, results of operations and financial condition. In addition, the Issuer cannot rule out any future breach of money laundering legislation, for example by not properly carrying out background checks on customers.

***Any malfunction or defect in the Issuer's information technology systems could materially affect its ability to operate its business***

The Issuer's business relies on the proper and uninterrupted functioning of its IT and data processing systems. The Issuer has made significant investments to develop a secure and reliable IT system. However, the Issuer cannot rule out the possibility that any serious failure of the factoring system or of its disaster recovery plan or any external IT attacks could interrupt its business or materially affect its activities.

Risks related to technology and cyber-security change rapidly and require continued innovation and investment. Given the rapidly increasing sophistication and scope of potential cyber-attack, future attacks may lead to significant breaches in the Issuer's security. Any of these disruptions, the inability to manage cyber-security risk adequately, or the interception of confidential or proprietary information could give rise to losses in service to its customers and to loss or liability to its Group.

The Issuer uses information systems that enable integration among the distribution structure, internal operating structures and software applications through which customers access the services offered. Any malfunctioning or interruption of these information systems, due to internal or external factors, could expose the Issuer's business to operational, strategic and reputational risks. In addition, its ability to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. The Issuer may not be able to maintain the level of capital expenditure necessary to support the improvement or upgrading of its information technology infrastructure. If the design of its controls and procedures prove inadequate, or are circumvented, delays in detection or errors in information may occur and its reputation could be damaged and/or its competitive position weakened.

Any serious or repeated system failure could result in the loss of information on payment patterns and timing contained in the Issuer's database or such information becoming inaccurate or unreliable and could compromise its ability to competitively purchase or manage receivables, which could have a material adverse effect on its business, results of operations and financial condition.

***The Issuer collects, stores and processes sensitive personal data belonging to its customers***

In carrying out its activities the Issuer collects, stores and processes the sensitive personal and business data of its customers, in accordance with Regulation (EU) 2016/679. The Issuer also adopts internal procedures and measures to regulate access to data by its own staff and its treatment to prevent unauthorised access and treatment.

The Issuer is exposed to the risk that the procedures implemented and the measures adopted may prove not to be adequate and/or in compliance with laws and regulations and/or promptly or properly implemented by employees and associates (possibly due to continuous changes in the rules and procedures themselves). Thus, the data could be subject to damage, loss or theft, or disclosure or processing for purposes other than those authorised by the customers, or even use by unauthorised parties (whether third parties or employees of companies of the Group).

If any of these circumstances occur, they could have a material adverse effect on the Group's business, including its reputation, and the application of administrative and criminal penalties by the Data Protection Authority (*Autorità Garante per la Protezione dei Dati Personali*) on one or more companies of the Group or their representatives, which could have a material adverse effect on its business, results of operation and financial condition.

***The Issuer's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks***

The Issuer believes it has in place an adequate risk management system, in terms of defined governance framework, adopted policies and procedures, used systems and dedicated human resources which allow the Issuer to identify, monitor and manage potential risks (so called "risk management") that the Issuer is exposed to in the course of its business, including credit, counterparty, liquidity, market, interest rate, concentration, operational and IT risks.

The Issuer has developed specific policies and procedures which provide for corrective mechanisms to be applied before potential risks reach certain thresholds set by the Bank of Italy or by its Board of Directors. Methods used to monitor and manage these risks include analysis of historical data series, market trends and the use of statistical models for the identification, monitoring, control and management of risks.

If the policies and procedures the Issuer uses to identify, monitor and manage risk turn out to be inadequate, or the Issuer's assessments and assumptions turn out to be inaccurate, thus exposing the Issuer to unforeseen and



unquantified risks, the Issuer may incur significant losses, which could have a material adverse effect on its business, results of operations and financial condition.

Furthermore, even if the Issuer's internal procedures for the identification and management of risk are adequate, the occurrence of certain events that cannot be predicted or quantified (considering the uncertainty and volatility that currently characterises global markets) may increase such risks, which could have a material adverse effect on its business, results of operations and financial condition.

## **RISK FACTORS RELATING TO THE NOTES**

The risks below have been classified into the following categories:

- Risks applicable to all Notes;
- Risks related to the structure of a particular issue of notes;
- Risks related to Notes generally; and
- Risk related to markets generally.

### **Risks applicable to all Notes**

#### ***The Bank Recovery and Resolution Directive may affect the Notes***

As described in "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme – Extensive regulation in the banking sector may adversely affect the Issuer's business*" above, the Regulatory Authorities have, pursuant to the BRRD framework, the power to apply "resolution" tools if the Issuer is failing or likely to fail, as an alternative to *liquidazione coatta amministrativa* (compulsory liquidation proceedings). Specifically, these tools are: (1) the sale of business assets or shares of the Issuer; (2) the establishment of a bridging organization; (3) the separation of the unimpaired assets of the Issuer from those which are deteriorated or impaired; and (4) a bail-in, through write-down/conversion into equity of regulatory capital instruments (including the Subordinated Notes or the Additional Tier 1 Notes) as well as other liabilities of the Issuer (including the Senior Notes) if the relevant conditions are satisfied and in accordance with the creditors' hierarchy provided under the relevant provisions of Italian law.

Furthermore, Article 33(a) of BRRD II introduces a new pre-resolution moratorium tool as a temporary measure in an early stage and new suspension powers, which the resolution authority can use within the resolution period. Any suspension of activities can, as stated above, result in the partial or complete suspension of the performance of agreements (including any payment or delivery obligation) entered into by the respective credit institution. The exercise of any such power or any suggestion of such exercise could materially adversely affect the rights of the holders of securities issued by the Issuer, the price or value of their investment in any such security and/or the ability of the credit institution to satisfy its obligations under any such security.

In particular, by its acquisition of a Note (whether on issuance or in the secondary market), each holder of the Notes acknowledges, accepts, agrees to be bound by and consents to the exercise of any Bail-in Power by a Regulatory Authority that may result in the cancellation of all, or a portion, of the principal amount of, or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or interest on, the Notes into equity or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes, in each case to give effect to the exercise by a Regulatory Authority of such Bail-in Power. Each holder of the Notes acknowledges, accepts and agrees that its rights as a holder of the Notes are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any such power by any Regulatory Authority.

The exercise of any power under the BRRD or any suggestion of such exercise taking place could, therefore, have a material adverse effect on the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

For a description of the loss absorption requirement, see Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*) and 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*), 3 (*Status of Subordinated Notes*) and 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form, as applicable and Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*), 3 (*Status of Subordinated Notes*) and 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes.

### **Risks related to the structure of a particular issue of Notes**

### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may, or there is an actual or perceived increase in the likelihood that the Issuer may, elect to redeem Notes, the market value of those Notes normally will not rise above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. If this occurs, there can be no assurance that it will be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes.

### ***Redemption prior to maturity for tax reasons***

If the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Republic of Italy or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Conditions of the Notes. If this occurs, there can be no assurance that it will be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes. See also "*Notes subject to optional redemption by the Issuer*" above.

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

The Issuer may also, at its option, redeem Subordinated Notes following a Regulatory Event in accordance with Condition 11.3 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form or Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes, as applicable. In addition, the Issuer may also, at its option, redeem Additional Tier 1 Notes following a Capital Event in accordance with Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes, as applicable. Any redemption of the Subordinated Notes or the Additional Tier 1 Notes shall be subject to the prior approval of the Relevant Authority, as further set out in Condition 11.6 (*Redemption of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes, as applicable. See also "*Regulatory Classification of the Subordinated Notes*" in respect of the Subordinated Notes and "*Regulatory classification of the Additional Tier 1 Notes*" in respect of Additional Tier 1 Notes below. If this occurs, there can be no assurance that it will be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes. See also "*Notes subject to optional redemption by the Issuer*" above.

### ***Reform of EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"***

The Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".

Key international reforms of "benchmarks" include EU's Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**EU Benchmarks Regulation**") which has applied since 1 January 2018.

The Benchmarks Regulation and Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to "contributors", "administrators" and "users of" "benchmarks" in the EU, and among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based or non-UK-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) bans the use of "benchmarks" of unauthorised administrators, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not

deemed equivalent or recognised or endorsed). The scope of the EU Benchmarks Regulation and the UK Benchmarks Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could also have a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

- (i) an index which is a "benchmark" could not be used as such if its administrator does not obtain appropriate EU or UK authorisations or is based in a non-EU or non-UK jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be delisted (if listed), adjusted, redeemed or otherwise impacted;
- (ii) the methodology or other terms of the "benchmark" related to a series of Notes could be changed in order to comply with the terms of the EU Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level of the "benchmark" or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level in its discretion.

Any of the international, national or other reforms (or proposals for reform) or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks".

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 11 May 2021 the euro risk-free rate working group published its recommendation on EURIBOR fallback trigger events and fallback rates. The recommended fallback rates are based on the new Euro short-term rate ("€STR"). Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could require or result in adjustment to the interest calculation provisions of the Conditions (as described in Condition 7.10 (*Benchmark Replacement*) of the Terms and Conditions for the English Law Notes in Physical Form, by Condition 9.10 (*Benchmark Replacement*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 9.10 (*Benchmark Replacement*) of the Terms and Conditions for the Dematerialised Notes) or result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Notes or Reset Rate Notes whose interest rates are linked to any benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The Terms and Conditions for the Notes in Physical Form and the Terms and Conditions for the Dematerialised Notes provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a reference bond rate, a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Rate Notes (as applicable) based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the

Independent Adviser or, as applicable, the Issuer determines that amendments to the "Terms and Conditions for the English Law Notes in Physical Form" or the "Terms and Conditions for the Italian Law Notes in Physical Form", or the "Terms and Conditions for the Dematerialised Notes", as the case may be, the Agency Agreement for the English Law Notes in Physical Form, the Agency Agreement for the Italian Law Notes in Physical Form are necessary to ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 7.10 (*Benchmark Replacement*) of the Terms and Conditions for the English Law Notes in Physical Form and by Condition 9.10 (*Benchmark Replacement*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 9.10 (*Benchmark Replacement*) of the Terms and Conditions for the Dematerialised Notes.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a "benchmark".

#### ***CMS Linked Interest Notes and SONIA Linked Interest Notes***

The Issuer may issue Notes with interest determined by reference to the CMS Rate or SONIA (the "**Relevant Factor**"). Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (iv) if the Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (v) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Any such circumstances could have a material adverse effect on the value of and return on any such Notes.

#### ***The market continues to develop in relation to risk free rates (including overnight rates) as a reference rate for Floating Rate Notes***

The use of risk-free rates, including those such as SONIA and €STR, as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA, the SONIA Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in

the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk free rates, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market, or a significant part thereof, may adopt an application of risk free rates that differs (possibly significantly) from that set out in the Conditions and used in relation to Notes referenced to a reference rate under the Programme.

Interest on Notes which reference certain risk free rates is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk free rate to reliably estimate the amount of interest which will be payable on such Notes. Furthermore, if the Notes become due and payable or are otherwise redeemed early on a date other than an Interest Payment Date, the Rate of Interest payable for the final Interest Period in respect of such Notes shall only be determined immediately prior to the date the Notes became due and payable and shall not be reset thereafter.

Investors should consider these matters when making their investment decision with respect to any Floating Rate Notes which reference SONIA, €STR or any related indices.

***The administrator of SONIA or €STR or any related index may make changes that could change the value of SONIA or €STR or any related index, or discontinue SONIA or €STR or any related index***

The Bank of England or the European Central Bank (or their successors) as administrators of SONIA (and the SONIA Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA or €STR, or timing related to the publication of SONIA or €STR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA or €STR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply).

The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

***Fixed Rate Notes***

Investment in Fixed Rate Notes involves the risks that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

***Notes issued at a substantial discount or premium***

The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***The interest rate on Reset Rate Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Rate Notes and could affect the market value of the Reset Notes***

Reset Rate Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date). On the first Reset Date and on each subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Reset Reference Rate and the applicable Reset Margin (the "**Reset Rate**"), which could be less than the Initial Rate of Interest or the Reset Rate for prior Reset Periods, and could affect the market value of an investment in the Reset Rate Notes.

***The Notes have limited Events of Default and remedies***

The Events of Default in respect of the Notes, being events upon which the Noteholders may declare the Notes to be immediately due and payable, are limited to circumstances in which the relevant Issuer becomes subject to insolvency or liquidation as set out in Condition 15 (*Events of Default*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 19 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes in Physical Form or Condition 18 (*Events of Default*) of the Terms and Conditions for the Dematerialised Notes, as applicable. Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Notes, including the payment of any interest, or in case of the exercise of any bail-in by the Relevant Authority, the Noteholders will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

***Risk relating to the governing law of the Italian Law Notes in Physical Form***

The Terms and Conditions for the Italian Law Notes in Physical Form are governed by Italian law and Condition 26 (*Contractual Recognition of Bail-In Powers*) of the Terms and Conditions for the Italian Law Notes in Physical Form provides that contractual and non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Italian Law. The Global Notes representing the Italian Law Notes in Physical Form provide that all contractual and non-contractual obligations arising out of or in connection with the Global Notes representing the Italian Law Notes in Physical Form are governed by Italian law, save for the form and transferability of the Global Notes which are governed by English law. Furthermore, Temporary Global Notes or the Permanent Global Notes, whether issued in CGN or NGN form, as the case may be, representing the Italian Law Notes in Physical Form are signed by the Issuer in the United Kingdom and, thereafter, delivered to the Principal Paying Agent, being the entity in charge for, *inter alia*, completing, authenticating and delivering the Temporary Global Notes and Permanent Global Notes and (if required) authenticating and delivering Definitive Notes, hence the Italian Law Notes in Physical Form would be deemed to be issued in England according to Italian law. Article 59 of Law No. 218 of 31 May 1995 (regarding the Italian international private law rules) provides that "other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued".

In light of the above, the Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions for the Italian Law Notes in Physical Form and the Global Notes and the laws applicable to their transfer and circulation for any prospective investors in the Italian Law Notes in Physical Form and any disputes which may arise in relation to, *inter alia*, the transfer of ownership in the Italian Law Notes in Physical Form.

***Senior Non-Preferred Notes***

***Italian law applicable to the Senior Non-Preferred Notes***

Banks and companies belonging to banking groups may issue senior non-preferred securities (the so-called "*strumenti di debito chirografario di secondo livello*").

To qualify as senior non-preferred securities, the Senior Non-Preferred Notes must comply with certain requirements, such as:

- (i) the original maturity period is at least twelve months;
- (ii) the Senior Non-Preferred Notes are not derivative securities or linked to derivative securities, nor include any feature of such derivative securities;
- (iii) the minimum denomination is at least equal to €150,000 (as subsequently amended from time to time);

- (iv) the prospectus and the agreements regulating the issuance of senior non-preferred securities expressly provide that payment of interests and reimbursement of principal due in respect thereof are subject to the provisions set forth in of Article 91, section 1-*bis*, letter c-*bis* of the Legislative Decree No. 385 of 1 September 1993, as amended (the "**Consolidated Banking Law**").

According to Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, in case an issuer of senior non-preferred securities is subject to compulsory liquidation (*liquidazione coatta amministrativa*), the relevant payment obligations in respect thereof will rank in right of payment (A) after unsubordinated creditors (including depositors), (B) at least *pari passu* with all other present and future unsubordinated and non-preferred obligations which do not rank or are not expressed by their terms to rank junior or senior to such senior non-preferred securities and (C) in priority to any present or future claims ranking junior to such senior non-preferred securities and the claims of the shareholders.

Furthermore, Article 12-*bis* of the Consolidated Banking Law also provides that:

- (A) the provisions set forth in Article 91, paragraph 1-*bis*, letter c-*bis* of the Consolidated Banking Law shall apply to such senior non-preferred securities only to the extent that the requirements described in paragraphs (i), (ii) and (iv) above have been complied with; any contractual provision which does not comply with any of the above requirements is invalid but such invalidity does not imply the invalidity of the entire agreement;
- (B) the senior non-preferred securities, once issued, may not be amended in a manner that the requirements described in paragraphs (i), (ii) and (iv) above are not complied with and that any different contractual provision is null and void; and
- (C) the Bank of Italy may enact further regulation providing for additional requirements in respect of the issuance and the characteristics of senior non-preferred securities.

Any prospective investor in the Senior Non-Preferred Notes should be aware that with reference to Articles 12-*bis* and 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, as at the date of this Base Prospectus, no interpretation of the application of such provisions has been issued by any Italian court or governmental or regulatory authority and no regulation has been issued by the Bank of Italy in respect thereof. Consequently, it is possible that any regulation or official interpretation relating to the above will be issued in the future by the Bank of Italy or any different authority, the impact of which cannot be predicted by the Issuer as at the date of this Base Prospectus and which may have an adverse impact on the value of the Notes.

*The Senior Non-Preferred Notes are senior non-preferred obligations and are junior to certain obligations*

In order to be eligible to meet the requirements and conditions of Articles 12-*bis* and 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 and also qualify as eligible liabilities available to meet the MREL Requirements (as defined in the Conditions), Senior Non-Preferred Notes will rank junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Senior Non-Preferred Notes. As a result, the default risk on the Senior Non-Preferred Notes will be higher than the risk associated with preferred senior debt (such as Senior Notes) and other senior liabilities (such as wholesale deposits).

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Senior Notes which are not issued on a senior non-preferred basis, there is a greater risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment should the Issuer become insolvent.

*Senior Non-Preferred Notes are new types of instruments*

Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non-preferred obligations. The credit ratings assigned to senior non-preferred securities such as the Senior Non-Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non-preferred securities such as the Senior Non-Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non-Preferred Notes. If so, investors may incur losses in respect of their investments in the Senior Non-Preferred Notes.

*Qualification of Senior Non-Preferred Notes as "strumenti di debito chirografario di secondo livello"*

The intention of the Issuer is for Senior Non-Preferred Notes to qualify on issue as "*strumenti di debito chirografario di secondo livello*" as defined under, and for the purposes of, Articles 12-*bis* and 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 and also qualify as eligible liabilities available to meet the MREL Requirements (as defined in the Conditions). Current regulatory practice by the Bank of Italy (acting as lead regulator) does not require (or customarily provide) a confirmation prior to the issuance of the Senior Non-Preferred Notes that the Senior Non-Preferred Notes will comply with such provisions.

Although it is Issuer's expectation that the Senior Non-Preferred Notes qualify as "*strumenti di debito chirografario di secondo livello*" as defined under, and for the purposes of, Articles 12-*bis* and 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 and also qualify as eligible liabilities available to meet the MREL Requirements (as defined in the Conditions) there can be no representation that this is or will remain the case during the life of the Senior Non-Preferred Notes.

### ***Senior Notes and Senior Non-Preferred Notes could be subject to a MREL Disqualification Event redemption***

Senior Notes and Senior Non-Preferred Notes are intended to be eligible liabilities available to meet the MREL Requirements (as defined in the Conditions). However, if Senior Notes or Senior Non-Preferred Notes are not eligible for the purposes of the MREL Requirements (or if they initially are compliant with the MREL Requirements and subsequently become ineligible due to a change in the relevant final regulations implementing the MREL requirements), then an MREL Disqualification Event will occur.

In this respect, if at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Senior Non-Preferred Notes, and the applicable Final Terms for the Senior Notes or Senior Non-Preferred Notes of such Series specify that Issuer Call due to a MREL Disqualification Event is applicable, the Issuer may redeem all, but not part, of the Notes of such Series at the price set out in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption. Senior Notes and Senior Non-Preferred Notes may only be redeemed by the Issuer subject to (to the extent that the Relevant Authority so requires at the time of the proposed redemption) the Issuer having given such notice to the Relevant Authority as the Relevant Authority may then require prior to such redemption and no objection thereto has been raised by the Relevant Authority or (if required) the Relevant Authority has provided its consent thereto and any other requirements of the Relevant Authority applicable (if any) to such redemption at the time have been complied with by the Issuer (including, with reference to Senior Non-Preferred Notes, with respect to 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 at the relevant time). A MREL Disqualification Event shall be deemed to have occurred if by reason of a change in the MREL Requirements as implemented in Italian law and regulations and/or EU regulations, as the case may be, 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.

If the Senior Notes or Senior Non-Preferred Notes are to be so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Notes or Senior Non-Preferred Notes. In addition, the occurrence of a MREL Disqualification Event could result in a decrease in the market price of the Notes. See also "*Notes subject to optional redemption by the Issuer*" above.

### ***Early redemption and repurchase of the Senior Notes and Senior Non-Preferred Notes may be restricted***

Any early redemption or repurchase of Senior Notes and Senior Non-Preferred Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable Banking Regulations at the relevant time, including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes and Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements.

In addition, the early redemption or repurchase of Senior Notes and Senior Non-Preferred Notes which qualify as eligible liabilities available to meet MREL Requirements is subject to the prior approval of the Relevant Authority where applicable from time to time under the applicable laws and regulations. The Banking Reform Package state that the Relevant Authority would approve an early redemption of the Senior Notes and the Senior Non-Preferred Notes where any of the following conditions is met:

- on or before such early redemption or repurchase of the Senior Notes and Senior Non-Preferred Notes, the Issuer replaces the Senior Notes and Senior Non-Preferred Notes with Own Funds instruments or eligible liabilities of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer;



- the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements for Own Funds and eligible liabilities set out in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or
- 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 authorisation.

The Relevant Authority shall consult with the Relevant Resolution Authority before granting that permission.

***Senior Notes and Senior Non-Preferred Notes which are English Law Notes in Physical Form may be subject to substitution and modification without Noteholder consent***

If (i) at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Senior Non-Preferred Notes which are English Law Notes in Physical Form, and the applicable Final Terms for the Senior Non-Preferred Notes of such Series specify that Modification or Substitution of Senior Non-Preferred Notes for MREL Disqualification Event is applicable, or (ii) in order to ensure the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*) of the Terms and Conditions for the English Law Notes in Physical Form, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the Senior Notes or Senior Non-Preferred Notes of that Series), at any time either substitute all (but not some only) of such Senior Notes or Senior Non-Preferred Notes, or vary the terms of all such Senior Notes or Senior Non-Preferred Notes so that they remain or, as appropriate, become, Qualifying Senior Notes or Qualifying Senior Non-Preferred Notes, as applicable, *provided that* such variation or substitution does not of itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Senior Notes and Qualifying Senior Non-Preferred Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*) of the Terms and Conditions for the English Law Notes in Physical Form, have terms not materially less favourable to the Noteholders (as certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing) than the terms of the relevant Senior Notes or Senior Non-Preferred Notes, as applicable. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

***Subordinated Notes***

If the Issuer is declared insolvent and a winding up is initiated, or in the event that the Issuer becomes subject to an order of "*liquidazione coatta amministrativa*" as defined in the Consolidated Banking Law (as defined below) it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes, in addition, the timing of any such payment may not be forecasted at the date of this Base Prospectus. Furthermore, repayment of principal on the Subordinated Notes, whether at the Maturity Date or otherwise, is subject to the approval of the Relevant Authority in accordance with the Applicable Banking Regulations.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated, unsecured creditors (including depositors) of the Issuer and any other subordinated obligations which rank or are expressed to rank senior to the Subordinated Notes. Although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

Furthermore, the BRRD provides for a Member State as a last resort, after having assessed and applied the resolution tools (including the general bail-in tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools.

These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and

the BRRD. As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: (1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; (2) a State guarantee of newly issued liabilities; or (3) an injection of Own Funds in the form of precautionary recapitalisation. In the case of precautionary recapitalisation EU state aid rules require that shareholders and junior bond holders (such as holders of the Subordinated Notes) contribute to the costs of restructuring.

As a result, Subordinated Notes may be subject to a partial or full write-down or conversion to Common Equity Tier 1 instruments of the Issuer or one of the Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that non-viability loss absorption (or the general bail-in tool) may be applied to Subordinated Notes or the burden sharing requirements of the EU state aid framework and the BRRD may be applied and, as a result, Subordinated Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the non-viability loss absorption (or the general bail-in tool) is applied to the Subordinated Notes or the burden sharing requirements of the EU state aid framework and the BRRD are applied or that such Subordinated Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

Italian Legislative Decree No. 193 of 8 November 2021 implementing Directive 879/2019/EU ("**BRRD II**") in Italy and published on 30 November 2021 in the *Gazzetta Ufficiale* has transposed in the Italian legislation Article 48(7) of BRRD II under Article 91, paragraph 1-bis), letter c-ter) of the Consolidated Banking Law. Such provisions state that (i) if an instrument is only partly recognised as an own funds item, the whole instrument shall be treated in insolvency as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item and (ii) if an instrument is fully disqualified as own funds item, it would cease to be treated as a claim resulting from an own funds item in insolvency and, consequently, would improve their ranking with respect to any claim that results from an own funds item (such as the Subordinated Notes).

In light of this new provision, if the Subordinated Notes were to be disqualified in full as own funds items in the future: (a) their ranking would improve *vis-à-vis* the rest of the Subordinated Notes; and (b) in the event of a liquidation or bankruptcy of the Issuer, the Issuer would, *inter alia*, be required to pay the holders of the Notes and any other subordinated creditors of the Issuer, whose claims arise from liabilities that are no longer fully recognised as an own funds instrument, in full before it can make any payments on any other Subordinated Notes which are still recognised (at least in part) as own funds instruments.

For a full description of the subordination provisions relating to Subordinated Notes, see Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Dematerialised Notes.

### ***Regulatory classification of the Subordinated Notes***

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as Tier 2 Capital, for so long as this is permitted under Bank of Italy regulations. Current regulatory practice by the Bank of Italy does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. There can be no assurance that any such Subordinated Notes will continue to qualify as Tier 2 Capital during the life of the Notes. If there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Applicable Banking Regulations, in part, from Tier 2 Capital of the Issuer, the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 11.3 (*Redemption and Purchase - Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.4 (*Redemption and Purchase - Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form or Condition 15.4 (*Redemption and Purchase - Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes, as applicable, subject to the prior approval of the Relevant Authority. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

### ***Early redemption and purchase of the Subordinated Notes may be restricted***

The Applicable Banking Regulations prescribe certain conditions for the granting of permission by the Relevant Authority to a request by the Issuer to redeem a Series of Subordinated Notes prior to their stated maturity or repurchase the Subordinated Notes. Any early redemption or purchase of Subordinated Notes is subject to compliance by the Issuer with any conditions to such redemption or purchase set out in the Applicable Banking Regulations at the relevant time and to the other provisions set out in Condition 11.6 (*Redemption of Subordinated*

Notes) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes.

There can be no assurance that the Relevant Authority will permit any redemption or purchase of Subordinated Notes. In addition, the Issuer may elect not to exercise any option to redeem any Subordinated Notes early. Holders of Subordinated Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for an extended period.

#### ***Modification or Substitution of Subordinated Notes which are English Law Notes in Physical Form***

In relation to any series of Subordinated Notes which are English Law Notes in Physical Form, if the applicable Final Terms specify that Modification or Substitution of Subordinated Notes for Regulatory Event or Tax Event is applicable, then the Issuer may in certain circumstances modify the terms and conditions of all such Subordinated Notes or substitute new notes for the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, as applicable, without any requirement for the consent or approval of the Noteholders to the extent that such modification or substitution is reasonably necessary to ensure that no Regulatory Event or Tax Event would exist after such modification. Any such modification or substitution could have a material adverse effect on the price or value of any investment in any Notes.

Qualifying Subordinated Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*) of the Terms and Conditions for the English Law Notes in Physical Form, have terms not less favourable to the Noteholders (as certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing) than the terms of the Subordinated Notes, as applicable. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

#### ***The Additional Tier 1 Notes are subordinated obligations of the Issuer***

The Issuer's obligations under the Additional Tier 1 Notes are unsecured and subordinated and will rank subordinate and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any Tier 2 Capital or guarantee in respect of any such instruments (other than any instrument or contractual right expressed to rank *pari passu* with the Additional Tier 1 Notes), as more fully described in the "*Terms and Conditions for the Italian Law Notes in Physical Form*" and "*Terms and Conditions for the Dematerialised Notes*".

If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the Noteholders shall rank senior to any payments to holders of the Issuer's shares, including its *azioni privilegiate*, ordinary shares and *azioni di risparmio* (or certain securities or guarantees expressed to rank *pari passu* with the Issuer's shares or otherwise junior to the Additional Tier 1 Notes, as further described in Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes). In the event of incomplete payment of unsubordinated creditors on liquidation, the obligations of the Issuer in connection with the Additional Tier 1 Notes will be terminated (save as otherwise provided under applicable law from time to time). Noteholders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

Italian Legislative Decree No. 193 of 8 November 2021 implementing BRRD II in Italy and published on 30 November 2021 in the *Gazzetta Ufficiale* has transposed in the Italian legislation Article 48(7) of BRRD II under Article 91, paragraph 1-*bis*), letter *c-ter*) of the Consolidated Banking Law. Such provisions state that (i) if an instrument is only partly recognised as an own funds item, the whole instrument shall be treated in insolvency as a claim resulting from an own funds item and shall rank lower than any claim that does not result from an own funds item and (ii) if an instrument is fully disqualified as own funds item, it would cease to be treated as a claim resulting from an own funds item in insolvency and, consequently, would improve their ranking with respect to any claim that results from an own funds item (such as the Subordinated Notes).

In light of this new provision, if the Additional Tier 1 Notes were to be disqualified in full as own funds items in the future: (a) their ranking would improve vis-à-vis the rest of the Additional Tier 1 Notes; and (b) in the event of a liquidation or bankruptcy of the Issuer, the Issuer would, *inter alia*, be required to pay the holders of the Notes

and any other subordinated creditors of the Issuer, whose claims arise from liabilities that are no longer fully recognised as an own funds instrument, in full before it can make any payments on any other Additional Tier 1 Notes which are still recognised (at least in part) as own funds instruments. Furthermore, if the Additional Tier 1 Notes are fully disqualified as Own Funds items, such Notes could not be subject to a write-down or conversion into common shares at the point of non-viability even though they would continue to be subject to bail-in, and, in the event the Issuer were to receive extraordinary financial support in accordance with the EU state aid framework and the BRRD, the burden sharing requirements of such legislation.

Although the Additional Tier 1 Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in subordinated notes such as the Additional Tier 1 Notes will lose all or some of their investment should the Issuer become insolvent.

***The Additional Tier 1 Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the general bail-in tool or capital instruments write-down and conversion powers, which powers are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down on the occurrence of a Contingency Event, or may be subject to the burden sharing requirements of the EU State aid framework and the BRRD***

Noteholders should understand that the powers to convert, write-down or cancel the Additional Tier 1 Notes given to resolution authorities pursuant to the rules and regulations described below are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down upon the occurrence of a Contingency Event.

Investors should be aware that, in addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Additional Tier 1 Notes through the application of Non-Viability Loss Absorption. Any shares issued to holders of Additional Tier 1 Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

Furthermore, the BRRD provides for a Member State as a last resort, after having assessed and applied the resolution tools (including the general bail-in tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD. As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of Own Funds in the form of precautionary recapitalisation. In the case of precautionary recapitalization EU state aid rules require that shareholders and junior bond holders (such as holders of the Additional Tier 1 Notes) contribute to the costs of restructuring.

As a result, the Additional Tier 1 Notes may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments of the Issuer or one of the Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that Non-Viability Loss Absorption (or the general bail-in tool) may be applied to the Additional Tier 1 Notes or the burden sharing requirements of the EU state aid framework and the BRRD may be applied and, as a result, the Additional Tier 1 Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the Non-Viability Loss Absorption (or the general bail-in tool) is applied to the Additional Tier 1 Notes or the burden sharing requirements of the EU state aid framework and the BRRD are applied or that such Additional Tier 1 Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

For as long as the Additional Tier 1 Notes are in global form and in the event that any Write-Down or Write-Up is required pursuant to the Conditions, the records of Euroclear and Clearstream, Luxembourg or any other clearing system of their respective participants' position held in the Additional Tier 1 Notes may not be immediately updated to reflect the amount of Write-Down or Write-Up and may continue to reflect the Prevailing Principal Amount of the Additional Tier 1 Notes prior to such Write-Down or Write-Up, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-Down or Write-Up will occur. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Additional Tier 1 Notes in global form will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

***The Issuer may elect in its full discretion to cancel interest on the Additional Tier 1 Notes and may, in certain circumstances, be required to cancel such interest***

The Issuer may elect at any time in its full discretion to cancel (in whole or in part) for an unlimited period and on a no-cumulative basis Interest Amounts otherwise scheduled to be paid on any Interest Payment Date.

Further, the Issuer will be required to cancel payment of Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts, 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, exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items. See also "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes*" below.

The Issuer will also be required to cancel payment of Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such payment, 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 Directive 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 Directive or, if relevant, such other provision(s)), would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Group to be exceeded, or where such Interest Amounts are required to be cancelled (in whole or in part) by an order to the Issuer from the Relevant Authority.

Additionally, the Relevant Authority has the power under Article 104 of the CRD IV Directive to restrict or prohibit payments of interest by the Issuer to holders of Additional Tier 1 instruments such as the Additional Tier 1 Notes. The risk of any such intervention by the Relevant Authority is most likely to materialise if at any time the Issuer or the Group is failing, or is expected to fail, to meet its capital requirements – see "*If the Issuer breaches the combined buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*" below.

Also, in accordance with Article 63(j) of the BRRD (as implemented in Italy by Article 60(1)(i) of Legislative Decree No. 180/2015), the Relevant Authority has the power to alter the amount of interest payable under debt instruments issued by banks subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period). The Relevant Authority also has the power under Articles 53-*bis* and 67-*ter* of the Consolidated Banking Law to impose requirements on the Issuer, the effect of which will be to restrict or prohibit payments of interest by the Issuer to Noteholders, which is most likely to materialise if at any time the Issuer is failing, or is expected to fail, to meet its capital or liquidity requirements. If the Relevant Authority exercises its discretion, the Issuer will exercise its discretion to cancel (in whole or in part, as required by the Relevant Authority) interest payments in respect of the Additional Tier 1 Notes.

Furthermore, upon the occurrence of a Contingency Event (as defined in Condition 13 (*Loss absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13 (*Loss absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Dematerialised Notes), the Issuer will not make payment of accrued and unpaid interest in respect of the Additional Tier 1 Notes up to the Write-Down Effective Date and any such accrued and unpaid interest shall be cancelled.

The cancellation of any Interest Amounts shall not constitute a default for any purpose on the part of the Issuer. 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. See Condition 12 (*Interest and Interest Cancellation Provisions in respect of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12 (*Interest and Interest Cancellation Provisions in respect of Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes.

Because the Issuer is entitled to cancel Interest Amounts in its full discretion, it may do so even if it could make such payments without exceeding the limits described above. Interest Amounts on the Additional Tier 1 Notes may be cancelled even if holders of the Issuer's shares continue to receive dividends and/or the Issuer and/or its subsidiaries continues to make payments of interest or other amounts on other Additional Tier 1 instruments.

Any actual or anticipated cancellation of interest on the Additional Tier 1 Notes will likely have an adverse effect on the market price of the Additional Tier 1 Notes. In addition, as a result of the interest cancellation provisions of the Additional Tier 1 Notes, the market price of the Additional Tier 1 Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that, for example, the Issuer may not have sufficient Distributable Items and/or distributions may be limited by a Maximum Distributable Amount may have an adverse effect on the market price of the Additional Tier 1 Notes.

***The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes***

As noted above, the Issuer will be required to cancel any Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts, 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, exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items.

The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Additional Tier 1 Notes, are a function of the Issuer's existing Distributable Items and its future profitability. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior instruments, parity ranking instruments or more junior ranking instruments, including dividends on the Issuer's shares. See also "*The Issuer may elect in its full discretion to cancel interest on the Additional Tier 1 Notes and may, in certain circumstances, be required to cancel such interest*".

The level of the Issuer's Distributable Items may be affected by changes to accounting rules, regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Additional Tier 1 Notes, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. See generally "*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme*" above. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

***If the Issuer breaches the combined buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; the determination of Maximum Distributable Amount is complex; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments***

Under the CRD IV, institutions are required to hold a minimum amount of regulatory capital equal to 8.0% of risk-weighted assets (the so called "**Pillar 1 requirement**"). CRD IV also introduces the combined buffer requirement (namely, the capital conservation buffer, the institution-specific counter-cyclical buffer, the G-SII buffer, the O-SII buffer and the systemic risk buffer) that is required to be met with CET1 capital. In addition, supervisory authorities may impose extra capital requirements above the Pillar 1 requirement. It has been clarified that the level of Own Funds above the Pillar 1 requirement will comprise a Pillar 2 requirement (which is binding) and a Pillar 2 guidance which is not directly binding. The EBA Guidelines on SREP published in July 2018 furthermore clarifies that the Pillar 2 requirement is stacked below the capital buffers, thus directly affecting the application of Maximum Distributable Amount, while the Pillar 2 guidance is stacked above the capital buffers.

The amendments to the CRR contained in the Banking Reform Package provide further clarification on the role of Pillar 2 guidance, referred to as the supervisory guidance on additional own fund. Competent authorities may communicate to an institution an adjustment to the amount of capital in excess of the minimum Own Funds requirements, the additional Own Funds requirement and the combined buffer requirement that they expect such institution to hold in order to deal with forward looking stress scenarios. Such supervisory guidance on additional Own Funds constitutes a capital target and is to be regarded as positioned above such requirements. Failure to meet such target does not trigger restrictions on distributions by reference to Maximum Distributable Amount.

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement (as described below) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to Common Equity Tier 1 and Additional Tier 1 instruments and variable remuneration to staff).

The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the institution since the last distribution of profits or "discretionary payments". Such calculation will result in a "Maximum Distributable Amount" in each relevant period.

Consequently, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially cancelling (in whole or in part) interest payments in respect of the Additional Tier 1 Notes. Because the Issuer will have discretion to determine how to allocate the Maximum Distributable Amount among the different types of discretionary payments, the Issuer may elect to allocate available amounts to discretionary payments other than in respect of the Additional Tier 1 Notes. Moreover, payments made earlier in the relevant period will reduce the remaining Maximum Distributable Amount available for payments later in the relevant period, and the Conditions do not impose any obligation on the Issuer to preserve any portion of the Maximum Distributable Amount for interest payments on the Notes. The precise level of Maximum Distributable Amount will depend on the amount of net income earned during the course of the relevant period, which is necessarily difficult to predict.

In addition to the above, the Maximum Distributable Amount restrictions are being extended to encompass also the MREL requirement. The Banking Reform Package contains a new Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirement. Pursuant to this new provision the resolution authority shall have the power to prohibit an entity from distributing more than the Maximum Distributable Amount for the Minimum Requirement of Own Funds and eligible liabilities (MREL) (calculated in accordance with the proposed Article 16a(4) of the BRRD, the M-MDA) where the combined buffer requirement and the MREL requirement are not met and which may apply to the Issuer or the Group in the future. Article 16a envisages a potential nine-month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision, before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions, to be verified on a monthly basis). Accordingly, the Maximum Distributable Amount will encompass the M-MDA, once the provisions referred to above become applicable.

The extended application of the restrictions on distributions provisions by reference to the M-MDA introduced by the Banking Reform Package increases the risk of a cancellation of interest payments under the Notes as well as impose further limitations on the Issuer's ability to reinstate principal on the Notes following a Write-Down. Holders of the Notes may not be able to predict accurately the proximity of the risk of discretionary interest payments or principal reinstatements on the Notes being restricted from time to time as a result of operation of the aforementioned restrictions on distributions provisions by reference to Maximum Distributable Amount.

***The Additional Tier 1 Notes may be traded with accrued interest, but under certain circumstances, such interest may be cancelled and not paid on the relevant Interest Payment Date***

The Additional Tier 1 Notes may trade, and/or the prices for the Additional Tier 1 Notes may appear, on the Luxembourg Stock Exchange and in other trading systems with accrued interest. If this occurs, purchasers of Additional Tier 1 Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Additional Tier 1 Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Additional Tier 1 Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date. This may affect the value of any investment in the Additional Tier 1 Notes.

For the avoidance of doubt accrued interest will also be cancelled following a Write-Down as described below.

***The Issuer may be required to reduce the principal amount of the Additional Tier 1 Notes to absorb losses which would also impact the Interest Amounts payable on any Interest Payment Date while the Notes are written down***

The Additional Tier 1 Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital under the CRD IV both at the level of the Issuer and at the level of the Group. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Additional Tier 1 Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions for the Italian Law Notes in Physical Form, if at any time the Issuer's or the Group's Common Equity Tier 1 Capital Ratio falls below 5.125 per cent. ("**Contingency Event**"), the Issuer shall reduce the then Prevailing Principal Amount of the Additional Tier 1 Notes by the Write-Down Amount, *pro rata* with the other Additional Tier 1 Notes and taking into account the write-down (or write-off) or conversion into Ordinary Shares of any other Loss Absorbing Instruments. See Condition 13 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes in

Physical Form and Condition 13 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Dematerialised Notes.

Although Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Dematerialised Notes permit the Issuer in its full discretion to reinstate Written-Down principal amounts up to a maximum of the Initial Principal Amount if certain conditions (further described therein) are met, the Issuer is under no obligation to do so. Moreover, the Issuer will only have the option to Write-Up the principal amount of the Additional Tier 1 Notes if, at a time when the Prevailing Principal Amount of the Additional Tier 1 Notes is less than their Initial Principal Amount, both a positive Net Income and a positive Consolidated Net Income are recorded, and if 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 Directive and, if relevant, in any other similar payment restriction provision(s) under the Applicable Banking Regulations (or, if different, any provision of Italian law transposing or implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s), as amended or replaced)) would not be exceeded as a result of the Write-Up.

No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write-Up the principal amount of the Additional Tier 1 Notes following a Write-Down. Furthermore, any Write-Up must be undertaken on a *pro rata basis* with the other Additional Tier 1 Notes and any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13.4 (*Reinstatement of principal amount*) of the Terms and Conditions for the Dematerialised Notes in the circumstances then existing.

During the period of any Write-Down pursuant to Condition 13 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Dematerialised Notes, interest will accrue (subject in certain circumstances to the Maximum Distributable Amount, as further set out below) on the Prevailing Principal Amount of the Additional Tier 1 Notes, which shall be lower than the Initial Principal Amount unless and until the Additional Tier 1 Notes are subsequently Written-Up in full. Furthermore, if a Write-Down occurs during an Interest Period, any interest accrued but not yet paid up to the occurrence of such Write-Down will be cancelled. See generally Condition 12.3 (*Calculation of Interest Amount in case of Write-Down*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 12.3 (*Calculation of Interest Amount in case of Write-Down*) of the Terms and Conditions for the Dematerialised Notes.

Noteholders may lose all or some of their investment as a result of a Write Down. If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer, or if the Issuer is liquidated for any other reason prior to the Additional Tier 1 Notes being written-up in full pursuant to Condition 13 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 13 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Dematerialised Notes, Noteholders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Additional Tier 1 Notes.

In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Additional Tier 1 Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Additional Tier 1 Notes following a Write-Down and on its ability to redeem or repurchase Additional Tier 1 Notes. See generally "*If the Issuer breaches the combined buffer, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*".

The market price of the Additional Tier 1 Notes is expected to be affected by fluctuations in the Issuer's and the Group's Common Equity Tier 1 Capital Ratio. Any indication that the Issuer's or the Group's Common Equity Tier 1 Capital Ratio is approaching the level that would trigger a Contingency Event may have an adverse effect on the market price of the Additional Tier 1 Notes.

If the relevant resolution authority utilises the general bail-in tool, this could materially adversely affect the rights of Noteholders, the price or value of their investment in any Additional Tier 1 Notes and/or the ability of the Issuer to satisfy its obligations under the Additional Tier 1 Notes. In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as the Additional Tier 1 Notes at the point of non-viability and before any other resolution action is taken. Any shares issued to holders of subordinated notes (such as the Additional Tier 1 Notes) upon any such conversion into equity may also be subject to any application of the general bail-in tool. See generally "–



*The Additional Tier 1 Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the general bail-in tool or capital instruments write-down and conversion powers, which powers are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down on the occurrence of a Contingency Event, or may be subject to the burden sharing requirements of the EU State aid framework and the BRRD".*

***The calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside the Issuer's control.***

The occurrence of a Contingency Event, which would result in a Write-Down of the Prevailing Principal Amount of the Additional Tier 1 Notes (and the cancellation of interest accrued not yet paid up to the occurrence of the Write-Down) or the application of a Maximum Distributable Amount, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Also, whether a Contingency Event has occurred at any time shall be determined by the Issuer and the Relevant Authority. Because the Relevant Authority may require Common Equity Tier 1 Capital Ratios to be calculated as of any date (which calculation shall be binding on the Noteholders), a Contingency Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of the Issuer or of the Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in the Group's structure or organisation. The calculation of the ratios also may be affected by changes in the applicable laws and regulations or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Accordingly, the trading behaviour of the Additional Tier 1 Notes may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer or of the Group is approaching the level that would trigger a Contingency Event or a breach of the combined buffer requirement may have an adverse effect on the market price and liquidity of the Additional Tier 1 Notes. Under such circumstances, investors may not be able to sell their Additional Tier 1 Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

***Changes to the calculation of Common Equity Tier 1 Capital and/or Risk Weighted Assets may negatively affect the Issuer or the Group's Common Equity Tier 1 Capital Ratio.***

In addition, regulatory initiatives may impact the calculation of the Issuer or the Group's Risk Weighted Assets, being the denominator of the Issuer's and the Group's Common Equity Tier 1 Capital Ratio, respectively. The Basel Committee on Banking Supervision (BCBS) concluded the review process of the standardised models (for credit risk, counterparty risk, operational risk and market risk) for the calculation of minimum capital requirements. The main purpose is to enhance consistency and comparability among banks. The new framework was finalised for market risk in 2016 and finally revised in January 2019. The new framework for credit risk and operational risk was completed in December 2017. The implementation of this new risk assessment framework, which should have originally occurred on 1 January 2022, has been postponed by the Group of Central Bank Governors and Heads of Supervision (GHOS) to 1 January 2025. The EU is expected to implement these standards by way of new changes to the CRR (CRR III). It will impact the calculation of the Issuer's or the Group's Risk Weighted Assets and, consequently, the Issuer or the Group's Common Equity Tier 1 Capital Ratio.

Any changes that may occur in the application to the Issuer and/or the Group of the CRD IV rules, the loss absorbency requirements under the BRRD (including MREL) or the FSB's TLAC proposals subsequent to the date of this Base Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the Issuer or the Group's Common Equity Tier 1 Capital Ratio and thus increase the risk of a Contingency Event, which will lead to Write-Down, and a breach of the combined buffer requirement, as a result of which Noteholders could lose all or part of the value of their investment in the Additional Tier 1 Notes.

***The Issuer is not prohibited from issuing further debt which may rank pari passu with or senior to the Additional Tier 1 Notes***

The Terms and Conditions for the Italian Law Notes in Physical Form and the Terms and Conditions for the Dematerialised Notes place no restriction on the amount of debt that the Issuer may issue that ranks senior to the Additional Tier 1 Notes or on the amount of securities that it may issue that rank *pari passu* with the Additional Tier 1 Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including cancellation of interest and reduction of principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

### ***No scheduled redemption – early redemption and purchase of the Additional Tier 1 Notes may be restricted***

The Issuer is under no obligation to redeem the Additional Tier Notes at any time before the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, and the Noteholders have no right to call for their redemption.

The Issuer may, at its sole discretion (but subject to the provisions of Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and Condition 15.15 (*Purchases*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and 15.15 (*Purchases*) of the Terms and Conditions for the Dematerialised Notes) redeem the Additional Tier 1 Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 16 (*Taxation*) and Condition 16 (*Taxation*), as described in Condition 15.2 (*No fixed redemption for the Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.2 (*No fixed redemption for the Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes, respectively.

In addition, the Issuer may also, at its sole discretion (but subject to the provisions of Condition 15 (*Redemption and Purchase*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15 (*Redemption and Purchase*) of the Terms and Conditions for the Dematerialised Notes), redeem the Additional Tier 1 Notes in whole, but not in part, following the occurrence of a Capital Event and in whole, or in part, following the occurrence of a Tax Event (each as defined herein) at their Prevailing Principal Amount, plus, in each case, if relevant, any accrued interest and any additional amounts due pursuant to Condition 16 (*Taxation*) and Condition 16 (*Taxation*) as described in Condition 15.4 (*Redemption for Regulatory Reasons*) and Condition 15.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.4 (*Redemption for Regulatory Reasons*) and 15.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Dematerialised Notes, respectively.

In addition, on 22 December 2022 the Council Directive 2022/2523 "on ensuring a global minimum level of taxation for multinational groups in the Union" aimed at implementing the OECD Pillar Two Model Rules (the "**Pillar 2 Directive**") has been published in the EU Official Journal. The Directive has been unanimously approved by all 27 Member States, which are required to implement these rules into their national systems before 31 December 2023 (first fiscal year applicable 2024). The extent of the implementation of Pillar 2 Directive in the jurisdictions in which the Group operates is still uncertain. In particular, it is unclear whether and to what extent interest payments accrued in respect of certain equity accounted instruments such as the Additional Tier 1 Notes would be considered as being deductible for tax purposes. If, following the implementation of the Pillar 2 Directive in Italy, interest payments under the Notes become not tax deductible by the Issuer, this may result in the occurrence of a Tax Event (please see Condition 15.3 (*Redemption for Taxation reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.3 (*Redemption for Taxation reasons*) of the Terms and Conditions for the Dematerialised Notes).

### ***Regulatory classification of the Additional Tier 1 Notes***

The intention of is for Additional Tier 1 Notes to qualify on issue as "Additional Tier 1 Capital" for regulatory capital purposes.

Although it is the Issuer's expectation that the Additional Tier 1 Notes qualify on issue as "Additional Tier 1 Capital", there can be no representation that this is or will remain the case during the life of the Additional Tier 1 Notes. If there is a change in the regulatory classification of the Additional Tier 1 Notes that would be likely to result in their exclusion from "Additional Tier 1 Capital" and, in respect of any redemption of the relevant Additional Tier 1 Notes proposed to be made prior to the fifth anniversary of the Issue Date, both of the following conditions are met: (i) the Relevant Authority considers such a change to be reasonably certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority that the change in the regulatory classification of the Additional Tier 1 Notes was not reasonably foreseeable by the Issuer as at the date of the issue of the relevant Additional Tier 1 Notes, the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Additional Tier 1 Notes in accordance with Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes, subject to, *inter alia*, the prior approval of the applicable Relevant Authority and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRR or, if different, the then Applicable Banking Regulations. There can be no assurance that holders of such Additional Tier 1 Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

Any early redemption or purchase of Additional Tier 1 Notes is subject to compliance with the then Applicable Banking Regulations, including for the avoidance of doubt:

- (a) the Issuer giving notice to the Relevant Authority and the Relevant Authority granting prior permission to redeem or purchase the relevant 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 having replaced the 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 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 15.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Dematerialised Notes, the Issuer having demonstrated to the satisfaction of the Relevant Authority that the change in the applicable tax treatment of the 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 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes, 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 having replaced the 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 has permitted that action on the basis of the determination that it would be classified from a prudential point of view and justified by exceptional circumstances; or
  - (iv) the Notes being repurchased for market marketing 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.

In addition, any proposed redemption of Additional Tier 1 Notes prior to the fifth anniversary of their Issue Date shall (i) in the case of a Capital Event, be restricted as set out above and (ii) in the case of a Tax Event, be limited to circumstances in which the change or amendment giving rise to the Tax Event is, to the satisfaction of the Relevant Authority, material and was not reasonably foreseeable by the Issuer as at the Issue Date of the relevant Additional Tier 1 Notes.

There can be no assurance that the Relevant Authority will permit any redemption or purchase of Additional Tier 1 Notes. In addition, the Issuer may elect not to exercise any option to redeem any Additional Tier 1 Notes early or at any time. Holders of Additional Tier 1 Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for an indefinite period.

#### ***Waiver of set-off***

As specified in Condition 2 (*Status of Senior Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 2 (*Status of Senior Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 2 (*Status of Senior Notes*) of the Terms and Conditions for the Dematerialised Notes in respect of Senior Notes, Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 2.A (*Status of Senior Non-Preferred Notes*) of the Terms and Conditions for the Dematerialised Notes in respect of Senior Non-Preferred Notes, Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 3 (*Status of Subordinated Notes*) of the Terms and Conditions for the Dematerialised

Notes in respect of Subordinated Notes, Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 4 (*Status of Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes in respect of Additional Tier 1 Notes, the holder of a Note will unconditionally and irrevocably waive 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 Note.

#### ***Conflict of interest – Calculation Agent***

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Terms and Conditions for the Notes that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

#### ***No physical document of title issued in respect of the Notes issued in dematerialised form***

Notes issued under the Programme may be issued in dematerialised form and evidenced at any time through book entries pursuant to the relevant provisions of the Financial Services Act and in accordance with the CONSOB and Bank of Italy Jointed Regulation (as defined in the Terms and Conditions for the Dematerialised Notes). In no circumstance would physical documents of title be issued in respect of the Notes issued in dematerialised form. While the Notes are represented by book entries, investors will be able to trade their beneficial interests only through Monte Titoli and the authorised financial intermediaries holding accounts on behalf of their customers with Monte Titoli. As the Notes are held in dematerialised form with Monte Titoli, investors will have to rely on the procedures of Monte Titoli and the financial intermediaries authorised to hold accounts therewith, for transfer, payment and communication with the Issuer.

#### **Risks related to Notes generally**

##### ***Risks related to the forthcoming tax reform of financial incomes***

The Italian legislative proposal AC.1038 of 23 March 2023, which is subject to approval by the Italian Parliament, would delegate power to the Italian Government to enact, within twenty-four months from approval, one or more legislative decrees envisaging the reform of the Italian tax system. According to the current version of this legislative proposal, the tax reform should significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The information provided in this Base Prospectus may not reflect the future tax landscape accurately.

Investors should be aware that the amendments introduced to the tax regime of financial incomes and capital gains may increase the taxation on the interest, similar income and/or capital gains accrued or realised under the Notes and could result in a lower return of their investment.

Prospective purchasers of Notes should consult their own tax advisors regarding the tax consequences described above.

##### ***Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax***

All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996. See "*Terms and Conditions for the English Law Notes in Physical Form—Taxation*", "*Terms and Conditions for the Italian Law Notes in Physical Form—Taxation*" and "*Terms and Conditions for the Dematerialised Notes—Taxation*".

Prospective purchasers of Notes should consult their tax advisors as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory. See also "*Taxation*".

##### ***U.S. Foreign Account Tax Compliance Act (FATCA) Withholding***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to

persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under "*Terms and Conditions for the English Law Notes in Physical Form—Further Issues*", "*Terms and Conditions for the Italian Law Notes in Physical Form—Further Issues*" and "*Terms and Conditions for the Dematerialised Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

#### ***Risks relating to change of law or administrative practices***

The Terms and Conditions for the English Law Notes in Physical Form are based on English law in effect as at the date of this Base Prospectus, other than subordination and certain other provisions relating to the Notes, which are governed by, and shall be construed in accordance with, Italian law in effect as at the date of this Base Prospectus. The Terms and Conditions for the Italian Law Notes in Physical Form and the Terms and Conditions for the Dematerialised Notes are based on Italian law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or Italian law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

#### ***Decisions at Noteholders' meetings bind all Noteholders***

Provisions for calling meetings of Noteholders are contained in the Agency Agreement for the English Law Notes in Physical Form, the Agency Agreement for the Italian Law Notes in Physical Form and Annex 1 to the Terms and Conditions for the Dematerialised Notes, as applicable, and summarised in Condition 17.1 (*Meetings of Noteholders*) of the Terms and Conditions for the English Law Notes in Physical Form or Condition 21.1 (*Meetings of Noteholders*) of the Terms and Conditions for the Italian Law Notes in Physical Form, as applicable. Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Possible modifications to the Notes include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions. Any such modification may have an adverse impact on Noteholders' rights and on the market value of the Notes.

The Conditions also provide that the Notes, the Coupons of the Notes in Physical Form and the Conditions may be amended without the consent of the Noteholders or the Couponholders of the Notes in Physical Form to correct a manifest error. In addition, pursuant to Condition 7.10 (*Benchmark Replacement*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 9.10 (*Benchmark Replacement*) of the Terms and Conditions for the Italian Law Notes in Physical Form or Condition 9.10 (*Benchmark Replacement*) of the Terms and Conditions for the Dematerialised Notes, as applicable, certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Reset Rate Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

***Because the Global Notes in respect of Notes in Physical Form are held by or on behalf of Euroclear and/or Clearstream, Luxembourg, investors will have to rely on the procedures of the clearing systems***

Notes in Physical Form issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes in Physical Form are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes in Physical Form are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes once the paying agent has paid Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes in Physical Form. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer unless the Notes have become due and repayable and definitive notes are not being issued in exchange for Global Notes.

### ***Minimum Denomination***

Notes may in certain circumstances be issued in denominations including (i) a minimum denomination (the "**Minimum Denomination**") of €100,000 (or its equivalent in another currency) or, in the case of Senior Non-Preferred Notes, €150,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or, in the case of Subordinated Notes or Additional Tier 1 Notes, €200,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) and (ii) an amount which is greater than the Minimum Denomination (or its equivalent) but which is an integral multiple of a smaller amount (such as €1,000). Where this occurs, Notes may be traded in amounts in excess of the Minimum Denomination (or its equivalent) that are not integral multiples of the Minimum Denomination (or its equivalent). In such a case, a holder who as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to an integral multiple of the Minimum Denomination.

### ***The Notes do not restrict the amount of debt which the Issuer may incur***

The Terms and Conditions for the Notes do not contain any restriction on the amount of indebtedness which the Issuer may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with other indebtedness of the Issuer having the same ranking and, accordingly, any increase in the amount of such indebtedness or higher ranking indebtedness of the Issuer in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and do not contain any restriction on the giving of security by the Issuer to secure present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

### ***Potential Conflicts of Interest for Dematerialised Notes***

The Issuer may act as Paying Agent and Calculation Agent for the Dematerialised Notes and a conflict of interest may arise being the Issuer engaged in its other banking activities from time to time and in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Dematerialised Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

### **Risk related to markets generally**

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed

for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

***Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes***

Subject to applicable Italian laws and regulations, the ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws and regulations. In addition, transfers to certain persons in certain other jurisdictions may be limited by law and regulations, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit rating to the issue of Notes. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

***The Notes may be delisted***

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a "**listing**"), as specified in the applicable Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

***Exchange rate and exchange controls risks***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.



## INFORMATION INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus:

- (i) the translation into English of certain sections of the Directors' Report 2022 and the translation into English of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2022, prepared in accordance with IFRS and together with the accompanying notes and the English translation of the independent auditors' report, included in the 2022 annual report, which can be found at [https://www.bancaifis.it/app/uploads/2023/04/Annual-report-2022\\_.pdf](https://www.bancaifis.it/app/uploads/2023/04/Annual-report-2022_.pdf);
- (ii) the translation into English of certain sections of the Directors' Report 2021 and the translation into English of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2021, prepared in accordance with IFRS and together with the accompanying notes and the English translation of the independent auditors' report, included in the 2021 annual report, which can be found at [https://www.bancaifis.it/app/uploads/2022/04/Consolidated\\_reports\\_2021\\_ENG.pdf](https://www.bancaifis.it/app/uploads/2022/04/Consolidated_reports_2021_ENG.pdf);
- (iii) press release dated 11 May 2023 (relating to the approval by the Board of Directors of the Issuer of results for the first three months of 2023), which can be found at [https://www.bancaifis.it/app/uploads/2023/05/PR\\_1Q2023-Financial-Results\\_ENG.pdf](https://www.bancaifis.it/app/uploads/2023/05/PR_1Q2023-Financial-Results_ENG.pdf) (the "**11 May 2023 Press Release**");
- (iv) the translation into English of the unaudited condensed consolidated interim report of the Issuer at 31 March 2023 which can be found at <https://www.bancaifis.it/app/uploads/2023/05/Consolidated-Interim-Report-at-31-March-2023.pdf> (the "**3M Consolidated Interim Report**"); and
- (v) the sections entitled "*Terms and Conditions for the English Law Notes*" on pages 71 to 107 and "*Terms and Conditions for the Italian Law Notes*" on pages 108 to 152 of the base prospectus relating to the programme dated 3 August 2022 (the "**2022 Base Prospectus**") which is available at <https://www.bancaifis.it/app/uploads/2022/08/Banca-IFIS-2022-EMTN-Programme-Base-Prospectus.pdf>.

### *Cross-reference list*

The following table shows where the information incorporated by reference in this Base Prospectus can be found in the above-mentioned documents. Information contained in those documents other than the information listed below does not form part of this Base Prospectus and is either not relevant or covered elsewhere in this Base Prospectus.

<i>Annual Report at 31 December</i>	<u>2022</u>	<u>2021</u>
<b>Directors' Report</b>		
Section entitled <i>Group KPIs</i> .....	p. 15	p. 12
Section entitled <i>APM – Alternative Performance Measures</i> .....	p. 25	p. 22
Section entitled <i>Contribution of business segments to Group results</i>	p. 28	p. 27
Section entitled <i>Receivables due from customers measured at amortised cost</i>	p. 48	p. 48
Section entitled <i>Funding</i>	p. 52	pp. 51-52
Section entitled <i>Legal and tax disputes</i>	p. 53	pp. 52-53
Section entitled <i>Own Funds and capital adequacy ratios</i>	pp. 55-59	pp. 54-58
<b>Consolidated Annual Financial Statements</b>		
Consolidated Statement of Financial Position.....	pp. 78-79	p. 78
Consolidated Income Statement.....	p. 80	p. 80
Consolidated Statement of Comprehensive Income.....	p. 81	p. 81

<i>Annual Report at 31 December</i>	<u>2022</u>	<u>2021</u>
<b>Directors' Report</b>		
Statement of Changes in Consolidated Equity .....	pp. 82-83	p. 82
Consolidated Statement of Cash Flow .....	p. 84	p. 84
Notes to the consolidated financial statements .....	pp. 85-260	pp. 85-269
Independent Auditors' report on the consolidated financial statements.....	pp. 280-288	pp. 283-292

### ***3M Consolidated Interim Report - Consolidated Interim Report at 31 March 2023***

#### **Interim Directors' report on the Group**

Section entitled <i>General aspects</i> .....	p. 6
Section entitled <i>Results and Strategy</i> .....	pp. 7-10
Section entitled <i>Highlights</i> .....	pp. 11-12
Section entitled <i>Results by business segments</i>	pp. 13-14
Section entitled <i>quarterly evolution</i>	p.15

#### **Contribution of operating segments to Group results**

Section entitled <i>The organisational structure</i>	p. 17
Section entitled <i>Commercial &amp; Corporate Banking Segment</i>	pp. 18-24
Section entitled <i>Npl Segment</i>	pp. 25-28
Section entitled <i>Governance &amp; Services and Non – Core Segment</i>	pp. 29-31

#### **Reclassified Financial Statements**

Section entitled <i>Consolidated Statement of Financial Position</i> .....	p. 33
Section entitled <i>Consolidated Income Statement</i> .....	p. 34
Section entitled <i>Consolidated Statement of Comprehensive Income</i> .....	p. 35
<b>Notes</b> .....	pp. 36-68

#### ***11 May 2023 Press Release***

Section entitled <b>Highlights – Reclassified data</b> .....	p. 3-7
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#### **Reclassified Financial Statements**

Reclassified Consolidated Statement of Financial Position .....	pp. 8-9
Reclassified Consolidated Income Statement.....	p. 9
Own funds and capital adequacy ratios .....	p. 10

#### ***2022 Base Prospectus***

Terms and Conditions for the English Law Notes.....	pp. 71-107
Terms and Conditions for the Italian Law Notes.....	pp. 108-152

The documents set out above are translated into English from the original Italian. The Issuer has accepted responsibility for the accuracy of such translations.

This Base Prospectus should be read and construed together with the information incorporated by reference herein. Copies of any document incorporated by reference in this Base Prospectus are available free of charge at the specified office of the Paying Agent, unless such documents have been modified or superseded. Such documents will also be available for viewing on the website of the Issuer.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

## FURTHER PROSPECTUSES AND SUPPLEMENTS

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

In addition, the Issuer may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "*Form of Final Terms*". To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) pursuant to Article 6.3 of the Prospectus Regulation, by a registration document containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

## FORM OF THE NOTES

### Notes in Physical Form

Each Tranche of Notes will initially be in the form of either a temporary global note (a "**Temporary Global Note**"), without Coupons, or a permanent global note (a "**Permanent Global Note**"), without Coupons and Talons, in each case as specified in the applicable Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in a new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the applicable Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the applicable Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and the debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The applicable Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### *Temporary Global Note exchangeable for Permanent Global Note*

If the applicable Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note without Coupons (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership.

No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused, *provided that*, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Agent; and
- (ii) receipt by the Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership, *provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the applicable Final Terms; or
- (ii) at any time, if so specified in the applicable Final Terms; or

- (iii) if the applicable Final Terms specifies "*in the limited circumstances described in the Permanent Global Note*", then if (a) the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so (b) an Event of Default (as described in Condition 15 (*Events of Default*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 19 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes in Physical Form) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Agent within 30 days of the bearer requesting such exchange.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of EUR 100,000, plus (ii) integral multiples of EUR 1,000, *provided that* such denominations are not less than EUR 100,000 nor more than EUR 199,000 and that Senior Non-Preferred Notes issued under the Programme will have a denomination of at least EUR 150,000 (or, where the Notes are denominated in a currency other than Euro, the equivalent amount in such other currency) and Subordinated Notes or Additional Tier 1 Notes issued under the Programme will have a denomination of at least EUR 200,000 (or, where the Notes are denominated in a currency other than Euro, the equivalent amount in such other currency). For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

#### ***Temporary Global Note exchangeable for Definitive Notes***

If the applicable Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the applicable Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons (as defined herein) attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Agent within 30 days of the bearer requesting such exchange.

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts whether in global or definitive form.

#### ***Permanent Global Note exchangeable for Definitive Notes***

If the applicable Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note, without Coupons, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the applicable Final Terms; or

- (ii) at any time, if so specified in the applicable Final Terms; or
- (iii) if the applicable Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so (b) an Event of Default (as described in Condition 15 (*Events of Default*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 19 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes in Physical Form) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Agent within 30 days of the bearer requesting such exchange.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of EUR 100,000, plus (ii) integral multiples of EUR 1,000, *provided that* such denominations are not less than EUR 100,000 nor more than EUR 199,000 and that Senior Non-Preferred Notes issued under the Programme will have a denomination of at least EUR 150,000 (or, where the Notes are denominated in a currency other than Euro, the equivalent amount in such other currency) and Subordinated Notes or Additional Tier 1 Notes issued under the Programme will have a denomination of at least EUR 200,000 (or, where the Notes are denominated in a currency other than Euro, the equivalent amount in such other currency). For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions for the English Law Notes in Physical Form*" or "*Terms and Conditions for the Italian Law Notes in Physical Form*", as applicable, and the provisions of the applicable Final Terms which complete those terms and conditions.

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.

#### ***Legend concerning U.S. persons***

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

#### **Dematerialised Notes**

Dematerialised Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli, for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear Bank SA/NV as operator of the Euroclear and Clearstream, Luxembourg.

The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries pursuant to the relevant provisions of the Financial Services Act and in accordance with the CONSOB and Bank of Italy Regulation. The Noteholders may not require physical delivery of the Notes. However, the Noteholders may ask the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Financial Services Act.



## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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

**[[MiFID II Product Governance / Professional investors and ECPs only target market]** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market]** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)** - [To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]<sup>1</sup>

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<sup>1</sup> Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

[Date]

**Banca Ifis S.p.A.**  
(incorporated as a società per azioni under the laws of the Republic of Italy)

**Legal entity identifier (LEI): 8156005420362AE59184**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €5,000,000,000  
Euro Medium Term Note Programme**

## **PART A - CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes in Physical Form] [Terms and Conditions for the Italian Law Notes in Physical Form] [Terms and Conditions of the Dematerialised Notes] set forth in the Base Prospectus dated 19 July 2023 [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing [at <https://www.bancaifis.it/en/investor-relations/rating-note-issuance-programs/prospectuses-emtn/>] [and] during normal business hours at [address] [and copies may be obtained from [address]]. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).<sup>2</sup>

[In these Final Terms, the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.]<sup>3</sup>

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes for the [Terms and Conditions for the English Law Notes in Physical Form] [Terms and Conditions for the Italian Law Notes in Physical Form] (the "**Conditions**") set forth in the Base Prospectus dated 3 August 2022.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 19 July 2023 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.]<sup>4</sup>

The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing [at <https://www.bancaifis.it/en/investor-relations/rating-note-issuance-programs/prospectuses-emtn/>] [and] during normal business hours at [address] [and copies may be obtained from [address]]. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will also be published on the website of the Luxembourg Stock Exchange n ([www.luxse.com](http://www.luxse.com)).

[In these Final Terms, the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.]<sup>5</sup>

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[(When completing any final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation).]*

<sup>2</sup> In case of unlisted notes, references to requirements under the Prospectus Regulation may be deleted.

<sup>3</sup> In case of unlisted notes, references to requirements under the Prospectus Regulation may be deleted.

<sup>4</sup> In case of unlisted notes, references to requirements under the Prospectus Regulation may be deleted.

<sup>5</sup> In case of unlisted notes, references to requirements under the Prospectus Regulation may be deleted.

- 1 (a) Series Number: [●]  
 (b) Tranche Number: [●]  
 (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below, which is expected to occur on or about *[date]*] / [Not Applicable]
- 2 Specified Currency or Currencies: [●]  
 3 Aggregate Nominal Amount: [●]  
 (a) Series: [●]  
 (b) Tranche: [●]
- 4 Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
- 5 (a) Specified Denominations\*: [●]  
*(Notes must have a minimum denomination of €100,000 (or equivalent). In the case of Senior Non-Preferred Notes, Notes must have a minimum denomination of €150,000 (or equivalent). In the case of Subordinated Notes or Additional Tier 1 Notes, Notes must have a minimum denomination of €200,000 or equivalent.)*  
*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*  
*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*  
*(Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)*
- (b) Calculation Amount: [●]  
*(If only one Specified Denomination, insert the Specified Denomination.*  
*If more than one Specified Denomination, insert the highest common factor. **Note:** There must be a common factor in the case of two or more Specified Denominations.)*
- 6 (a) Issue Date: [●]  
 (b) Interest Commencement Date: [[●] /Issue Date/Not Applicable]

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\* The minimum denomination of the Senior Non-Preferred Notes will be Euro 150,000 and the minimum denomination of each Subordinated Note or Additional Tier 1 Note will be Euro 200,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

7 Maturity Date:

*[Fixed rate or Zero Coupon Notes – specify date/Floating rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*

*[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*

*[The Notes are perpetual securities and have no fixed date for redemption. The Notes may only be redeemed in the circumstances described in Condition 15 (Redemption and Purchase) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition [15] of the Terms and Conditions for the Dematerialised Notes.]*

*(NB. only applicable to Additional Tier 1 Notes)*

8 Interest Basis:

*[[●] per cent. Fixed Rate]*

*[[●] per cent. Fixed Rate from [●] to [●], then [●] per cent. Fixed Rate from [●] to [●] ]*

*[●][●] [EURIBOR/SONIA/SONIA Compounded Index/€STR]+/- [●] per cent. Floating Rate]*

*[Floating Rate: CMS Linked Interest] [Floating Rate: SONIA Linked Interest]*

*[Zero Coupon]*

*(further particulars specified below under items [9 / 12 / 13 / 14 / 15])*

9 Change of Interest Basis:

*[Applicable / Not Applicable]*

*(If applicable, specify the date when any fixed to floating rate or floating to fixed rate change occurs or when any fixed to fixed or floating to floating rate change occurs or cross refer to items 12 and 13 (as appropriate) below and identify there)*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(N.B. To be completed in addition to items 12, 13 and 14 (as appropriate) if any fixed to floating or fixed reset rate change occurs)*

(a) Reset Date(s)

*[●]*

(b) Switch Options:

*[Applicable – [specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies] / [Not Applicable]]*

*(N.B. The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 16 (Notices) of the Terms and Conditions for*

*the English Law Notes in Physical Form, Condition 20 of the Terms and Conditions for the Italian Law Notes in Physical Form or Condition [19] of the Terms and Conditions for the Dematerialised Notes, as applicable, on or prior to the relevant Switch Option Expiry Date)*

- (c) Switch Option Expiry Date: [●]
- (d) Switch Option Effective Date: [●]
- 10** Put/Call Options: [Call Option]  
[Regulatory Call]  
[Issuer Call due to a MREL Disqualification Event]  
[Put Option]  
[Clean-up Redemption at the option of the Issuer]  
[(further particulars specified below under items [16 / 17 / 18 / 19 / 20 / 21])]  
[Not Applicable]
- 11** Status of the Notes: [Senior Notes] / [Senior Non-Preferred Notes] / [Subordinated Notes] [Additional Tier 1 Notes]
- (a) Date of [Board] approval for issuance of the Notes: [●]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 12** Fixed Rate Note Provisions [Applicable / Not Applicable / *(if a Change of Interest Basis applies):* Applicable for the period starting from [and including] [●] ending on [but excluding] [●] ]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [●] [and [●] ] in each year, commencing on [●], up to and including the Maturity Date  
[There will be a [long/short] [first/last] coupon in respect of the period from and including [●] to but excluding [●] ]
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount  
*(Applicable to Notes in Physical Form in definitive form.)*
- (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] in respect of the period from and including [●] to but excluding [●] ] [Not Applicable]  
*(Applicable to Notes in definitive form.)*
- (e) Day Count Fraction: [Actual/Actual]/[Actual/Actual (ICMA)] / [Actual/Actual (ISDA)] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [360/360] / [Bond Basis] / [30E/360] / [30E/360 (ISDA)] / [Eurobond basis]
- 13** Reset Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Rate of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

- (b) Interest Payment Date(s): [●] in each year up to and including the Maturity Date
- (c) Day Count Fraction: [Actual/Actual]/[Actual/Actual (ICMA)] / [Actual/Actual (ISDA)] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [360/360] / [Bond Basis] / [30E/360] / [30E/360 (ISDA)] / [Eurobond basis]
- (d) Reset Date(s): [●]
- (e) Reset Reference Rate(s) and Relevant Financial Centre: Reset Reference Rate: [Mid Swaps/Reference Bond]
- (f) Reset Margin: [+/-][●] per cent. per annum
- (g) Reset Rate Screen Page: [●]
- (h) Mid Swap Maturity: [●]
- (i) Reset Determination Date: [●]
- (j) Reset Rate Time: [●]
- (k) Party responsible for calculating the Reset Rate and Interest Amount(s) (if not the Agent): [[Name] shall be the Calculation Agent (*no need to specify if the Agent is to perform this function*)]
- (l) Mid Swap Benchmark Rate: [EURIBOR]/[●]
- 14 Floating Rate Note Provisions** [Applicable/Not Applicable (*if a Change of Interest Basis applies*): Applicable for the period starting from [and including] [●] ending on [but excluding] [●] ]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (a) Interest Payment Dates: [●]
- (b) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Specified Period: [●] / [Not Applicable]
- (d) Additional Business Centre(s): [●] / [Not Applicable]
- (e) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (f) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): [[Name] shall be the Calculation Agent (*no need to specify if the Agent is to perform this function*)]
- (g) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [EURIBOR/SONIA/€STR/SONIA Compounded Index]
- Observation Method: [Lag / Observation Shift]
- Lag Period: [5 / [●] TARGET Settlement Days/London Banking Days/Not Applicable]
- Observation Shift Period: [5 / [●] TARGET Settlement Days/London Banking Days /Not Applicable]
- (NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
- D: [360/365/[●]] / [Not Applicable]
- Index Determination: [Applicable/Not Applicable]

SONIA Compounded Index:	[Applicable/Not Applicable]
Relevant Decimal Place:	[●] / [5] <i>(unless otherwise specified in the Final Terms, it should be the fifth decimal place)</i>
Relevant Number of Index Days:	[●] / [5] <i>(unless otherwise specified in the Final Terms, the Relevant Number shall be 5)</i>
Reference Banks:	[●] / [Not Applicable]
Interest Determination Date(s):	[●] <i>(in the case of a CMS Rate where the Reference Currency is Euro): [Second day on which the T2 System is open prior to the start of each Interest Period]</i> <i>(in the case of a CMS Rate where the Reference Currency is other than Euro): [Second [specify type of day] prior to the start of each Interest Period]</i>
Relevant Screen Page:	<i>[For example, Reuters page EURIBOR01]</i> <i>(In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)</i>
Relevant Time:	<i>[For example, 11.00 a.m. [London/Brussels] time]</i>
Relevant Financial Centre:	<i>[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the Euro)]</i>
[Reference Currency:] <i>(only relevant where the CMS Rate is the Reference Rate)</i>	[●]
[Designated Maturity:] <i>(only relevant where the CMS Rate is the Reference Rate)</i>	[●]
p: <i>(only relevant for SONIA Linked Interest Notes)</i>	[●] [Not Applicable]
(h) ISDA Determination:	[Applicable/Not Applicable]
ISDA Definitions:	[2000/2006/2021]
Floating Rate Option:	[●]
Designated Maturity:	[●]
Reset Date:	[●] <i>(In the case of a EURIBOR or CMS Rate based option, the first day of the Interest Period)</i>
(i) Margin(s):	[+/-] [●] per cent. per annum
(j) Minimum Rate of Interest:	[[●] per cent. per annum] / [Not Applicable]
(k) Maximum Rate of Interest:	[[●] per cent. per annum] / [Not Applicable]
(l) Day Count Fraction:	[Actual/Actual (ICMA)] / [Actual/365] / [Actual/Actual (ISDA)] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [30E/360] / [Eurobond basis]
<b>15</b> Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>

- (a) Accrual Yield: [●] per cent. per annum
- (b) Reference Price: [●]
- PROVISIONS RELATING TO REDEMPTION**
- 16 Call Option:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s) (Call): [●] [each Business Day during the period from (and including) [date] to (but excluding) [date] [and each Interest Payment Date following [date]].]
- (b) Optional Redemption Amount(s) (Call) (in the case of Subordinated Notes or Additional Tier 1 Notes only, subject to the prior approval of the Relevant Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77 and 78 of the CRR or, if different, the then Applicable Banking Regulations): [[●] per Calculation Amount]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (d) Notice period (if other than as set out in the Conditions): [●]
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 17 Regulatory Call:** [[Condition 11.3 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form] / [Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form] [Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes] is applicable/Not Applicable]
- (Only applicable for Subordinated Notes and Additional Tier 1 Notes)*
- 18 Put Option:** [Applicable/Not Applicable]
- (Applicable only to Senior Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s) (Put): [●]
- (b) Optional Redemption Amount(s) Put: [●] per Calculation Amount
- (c) Notice period (if other than as set out in the Conditions): [●]
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*



- 19 Clean-up Redemption at the option of the Issuer: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Clean-Up Percentage [75 per cent. / [●] per cent.]
- (b) Clean-Up Redemption Amount and method, if any, of calculation of such amount(s): [●] per Calculation Amount / [●]
- 20 Early Redemption Amount(s) payable on redemption for [[●] per Calculation Amount]
- (i) taxation reasons (subject to *[insert in the case of Senior Notes and Senior Non-Preferred Notes]* [Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) of the Terms and Conditions for the Dematerialised Notes] *[insert in the case of Subordinated Notes]* [Condition 11.6 (*Redemption of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes] *[insert in the case of Additional Tier 1 Notes]* [Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition [15.8] of the Terms and Conditions for the Dematerialised Notes (including the prior approval of the Relevant Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77 and 78 of the CRR or, if different, the then Applicable Banking Regulations)]) as contemplated by Conditions 11.2 (*Redemption for Taxation Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.3 (*Redemption for Taxation Reasons*), of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.3

- (*Redemption for Taxation Reasons*) of the Terms and Conditions for the Dematerialised Notes;]
- (ii) [*insert in case of Subordinated Notes or Additional Tier 1 Notes*][for regulatory reasons (*insert in the case of Subordinated Notes*) [subject to Condition 11.6 (*Redemption of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes] [*insert in case of Additional Tier 1 Notes*] [subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes] (including the prior approval of the Relevant Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77 and 78 of the CRR or, if different, the then Applicable Banking Regulations))] as contemplated by Condition 11.3 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.4 (*Redemption for Regulatory Reasons*) of the Terms and Conditions for the Dematerialised Notes;]
- (iii) on event of default (subject to[*insert in the case of Senior Notes or Senior Non-Preferred Notes*] [[Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) of the Terms and Conditions for the Dematerialised Notes] [*insert in the case of Subordinated Notes*] [Condition 11.6

(*Redemption of Subordinated Notes*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes] [*insert in the case of Additional Tier 1 Notes*] [Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes in Physical Form and Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Dematerialised Notes (including the prior approval of the Relevant Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77 and 78 of the CRR or, if different, the then Applicable Banking Regulations)],

and/or the method of calculating the same (if required):

- 21 Issuer Call due to MREL Disqualification Event: [Applicable]/[Not Applicable]  
*(Only relevant in the case of Senior Notes or Senior Non-Preferred Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Notice period (if other than as set out in the Conditions): [●]  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- (b) Early Redemption Amount payable on redemption upon the occurrence of a MREL Disqualification Event as contemplated by Condition 11.8 (*Issuer Call Due to a MREL Disqualification Event*) of the Terms and Conditions for the English Law Notes in Physical Form, Condition 15.10 (*Issuer Call Due to a MREL Disqualification Event*) of the Terms and Conditions for the Italian Law Notes in Physical Form or Condition 15.10 (*Issuer Call Due to a MREL Disqualification Event*) of the Terms and Conditions for the Dematerialised Notes, as applicable: [●] per Calculation Amount/[●]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22 Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes [on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]
- [In relation to any Notes issued with a denomination of EUR 100,000 (or equivalent) and integral multiples of EUR 1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable to Definitive Notes in the limited circumstances of (1) closure of the ICSDs; and (2) default of the Issuer.]*
- [Dematerialised Note held by Monte Titoli on behalf of the beneficial owners, until redemption or cancellation thereof, for the account of the relevant Monte Titoli Account Holders]
- (b) New Global Note: [Yes] / [No] / [Not Applicable]
- 23 Additional Financial Centre(s): [Not Applicable/give details]
- (Note that this paragraph relates to the place of payment)*
- 24 Talons for future Coupons of the Notes in Physical Form to be attached to Definitive Notes: [Yes/No. If yes, insert as follows:
- One Talon in the event that more than 27 Coupons need to be attached to each Definitive Note. On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of the Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures]
- 25 Modification or Substitution of Subordinated Notes for Regulatory Event/Tax Event: [Applicable]/[Not Applicable] in relation to [Regulatory Event/Tax Event]
- 26 Modification or Substitution of Senior Notes and Senior Non-Preferred Notes for MREL Disqualification Event: [Applicable]/[Not Applicable]
- 27 Modification or Substitution of Senior Notes: [Applicable]/[Not Applicable]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of  
**Banca Ifis S.p.A.**

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

Duly authorised

**PART B  
OTHER INFORMATION**

**1 LISTING AND ADMISSION TO TRADING**

- (a) Listing and Admission to trading      [[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and listing on the Official List of the Luxembourg Stock Exchange with effect from [●].] / [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and listing on the Official List of the Luxembourg Stock Exchange with effect from [●].] / [Not Applicable.]]
- (b) Estimate of total expenses related to admission to trading:      [●]

**2 RATINGS**

Ratings:      [The Notes to be issued [[have been][have not been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*]:

    [[*(Include brief explanation of rating if this has previously been published by the rating provider)*]]

    [[*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*]]

    [[*(Insert the following where the relevant credit rating agency is established in the EEA):*]]

    [[Insert credit rating agency] is established in the European Union and is registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**").]

    [[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**").]

    [[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

    [[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") but the rating issued by it is endorsed by [*insert endorsing credit rating agency*] which is established in the European Union and [*is registered under the EU CRA Regulation*] [*has applied for registration under the EU CRA Regulation*] [*has applied for registration under the EU CRA Regulation*, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

    [[Insert credit rating agency] is not established in the European Union and has not applied for registration

under Regulation (EC) No 1060/2009, as amended (the "EU CRA Regulation") but is certified in accordance with the CRA Regulation.]

[[Insert Credit Rating Agency] is not established in the European Union and is not certified under Regulation (EC) No. 1060/2009, as amended (the "EU CRA Regulation") and the rating given by it is not endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation.]

[[Insert legal name of particular credit rating agency entity providing rating] is established in the [United Kingdom]/[insert] and is [registered with the Financial Conduct Authority in accordance with] / [the rating it has given to the Notes is endorsed by [UK-based credit rating agency] registered with the FCA in accordance with] / [certified under] [Regulation (EC) No. 1060/2009, as amended (the "EU CRA Regulation") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation").]]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [[Joint Lead] Managers / Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [Certain of the / The] [[Joint Lead] Managers / Dealers] and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

### 4 USE OF PROCEEDS

[The net proceeds of the issuance of the Notes will be used for the general corporate purposes of the Group, as set forth in "Use of Proceeds" in the Base Prospectus / Other]

*(If "Other", set out use of proceeds here)*

Estimated net proceeds: [●]

### 5 YIELD *(Fixed Rate Notes only)*

Indication of yield: [●]/[Not Applicable]  
[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 6 HISTORIC INTEREST RATE *(Floating Rate Notes, CMS Index Linked Interest Notes and SONIA Linked Interest Notes only)*

[[Details of historic [EURIBOR/SONIA/€STR/SONIA Compounded Index] rates can be obtained, [but not] free of charge from [Reuters/Bloomberg/give details of electronic means of obtaining the details of performance]]/[Not Applicable]]

### 7 OPERATIONAL INFORMATION

- (a) ISIN Code: [●]
- (b) Common Code: [●]
- (c) FISN: [[●], as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]

- (d) CFI Code: [[●], as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]
- (e) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. or Monte Titoli and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (f) Delivery: Delivery [against/free of] payment
- (g) Names and addresses of additional Paying Agent(s) (if any): [●]
- (h) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes: Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]  
 [No: Note that whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "no" selected*]  
 [Not Applicable]

## 8 DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Date of Subscription Agreement: [●]
- (d) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (e) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (f) U.S. Selling Restrictions: Reg. S Compliance Category 2;  
 [TEFRA D/TEFRA C/TEFRA not applicable]
- (g) Prohibition of Sales to EEA Retail Investors [Applicable/Not Applicable]
- (h) Prohibition of Sales to UK Retail Investors [Applicable/Not Applicable]

## 9 BENCHMARKS

- EU Benchmark Regulation: [Applicable: Amounts payable under the Notes are calculated by reference to *[insert name[s] of benchmark(s)]*, which [is/are] provided by *[insert*



*name[s] of the administrator[s] — if more than one speak in relation to each relevant benchmark).*

EU Benchmark Regulation: Article 29(2)  
statement on benchmarks:

[As at the date of these Final Terms, *insert name[s] of the administrator[s]* [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [("ESMA")] pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011, as amended) [(the "BMR")]. [As far as the Issuer is aware, [[insert name of the benchmark] does not fall within the scope of the BMR by virtue of Article 2 of the BMR.]/[the transitional provisions in Article 51 of the BMR apply, such that the administrator is not currently required to obtain authorisation/registration]]. (repeat as necessary)]

*(if Not Applicable, delete this sub-paragraph)*

## TERMS AND CONDITIONS FOR THE ENGLISH LAW NOTES IN PHYSICAL FORM

*The following are the Terms and Conditions applicable to each Series of Notes to be governed under English Law (respectively, the "English Law Notes in Physical Form" or the "Notes" and the "Terms and Conditions for the English Law Notes in Physical Form" 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 English Law Notes in Physical Form (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 19 July 2023 (as amended, restated, modified and/or supplemented from time to time, the "**Agency Agreement for the English Law Notes in Physical Form**" or the "**Agency Agreement**") made between the Issuer, BNP Paribas, 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 complete 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.

The Noteholders and the Couponholders are entitled to the benefit of a deed of covenant (as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 19 July 2023 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement for the English Law Notes in Physical Form and the Deed of Covenant are available for inspection or collection free of charge during normal business hours by a Noteholder upon reasonable request 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 Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (*www.luxse.com*) 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 English Law Notes in Physical Form, the Deed of Covenant 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 English Law Notes in Physical Form.

Words and expressions defined in the Agency Agreement for the English Law Notes in Physical Form 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 English Law Notes in Physical Form 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 and netting 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 provision in these Conditions.

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

This Condition 2.A (*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, 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, including claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR, 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 provision 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.

Subject to the following paragraph, 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 (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*)) 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 (including Additional Tier 1 Capital).

In the event the Subordinated Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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 in these Conditions.

#### 4. 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.

"**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 and applicable to the Issuer or the Group (as the case may be), 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 for the English Law Notes in Physical Form 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 recapitalisation 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 recapitalisation 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.

**"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 7.10 (*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.

"**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.

"**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:

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

Where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

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

Where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>2</sub> 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:

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

Where:



"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" 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 D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>2</sub> 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.

"**Deed of Covenant**" means the deed of covenant dated 19 July 2023 relating to the Notes executed by the Issuer, as amended, restated or supplemented from time to time.

"**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.

"**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 15 (*Events of Default*).

"**Extraordinary Resolution**" has the meaning given to that term in the Agency Agreement for the English Law Notes in Physical Form.

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

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

"**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 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.) or the 2021 ISDA Interest Rate Derivatives 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.

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

"**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 Redemption Amount**" has the meaning given in the applicable Final Terms.

"**Mid Swap Benchmark Rate**" means EURIBOR if the Specified Currency is euro or the rate indicated in the applicable Final Terms 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 any applicable transitional provisions), 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.

**"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.

**"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.

**"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.

**"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, CMS Rate, SONIA, SONIA COMPOUNDED Index or €STR as specified in the applicable Final Terms in respect of the currency and period specified in the applicable Final Terms.

**"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 (save where the exclusion from Tier 2 Capital of the Issuer is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of such Series of Subordinated Notes as part of the Tier 2 Capital of the Issuer be amortised in the five years prior to maturity of such Notes, in either (A) or (B) in accordance with Applicable Banking Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Subordinated Notes) 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 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 16 (*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 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 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 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 English Law Notes in Physical Form 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 one 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) (with such sum converted (if necessary) from a basis equivalent to the duration of the Reset Reference Rate to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent)).

"**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.

"**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 English Law Notes in Physical Form.

"**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.

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

"**Talon**" means a talon for further Coupons.

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro.

"**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.

"**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.

## **5. FIXED RATE NOTE PROVISIONS**

### **5.1 Application**

This Condition 5 (*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.

### **5.2 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 10 (*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 5 (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 16 (*Notices*).

### **5.3 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.

### **5.4 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. RESET RATE NOTE PROVISIONS**

### **6.1 Application**

This Condition 6 (*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.

### **6.2 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) payable, subject as provided in Condition 10 (*Payments*), in arrears on the Interest Payment Date(s) specified in the applicable Final Terms.

### **6.3 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 10 (*Payments*), in arrear 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 (*Reset 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 16 (*Notices*).

### **6.4 Reset Rate Screen Page**

Subject to Condition 7.10 (*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, 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.

### **6.5 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.

## **6.6 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.

## **6.7 Notifications**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*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.

## **7. FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS**

### **7.1 Application**

This Condition 7 (*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.

### **7.2 Interest Accrual**

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*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 7 (*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 16 (*Notices*).

### **7.3 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 7.10 (*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.

#### 7.4

(i) **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 7.10 (*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.

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

This Condition 7.4(ii) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".

Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent. For the purposes of this paragraph 7.4(ii):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 365);

"**d<sub>o</sub>**" means the number of London Banking Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**i**" means a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**" for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period

shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"p" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or if no such period is specified, five London Banking Days;

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking 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 is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIA<sub>i</sub>**" means the SONIA Reference Rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant London Banking Day "i";

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.*

If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 7.10 (*Benchmark Replacement*), be:

- (A) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking 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 the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A).

Subject to Condition 7.10 (*Benchmark Replacement*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7.4(ii), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (but applying the Margin applicable to the first Interest Period).

(iii) **Screen Rate Determination for Floating Rate Notes which are linked to €STR**

This Condition 7.4(iii) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 the "Reference Rate" is specified in the relevant Final Terms as being "€STR".

Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date. For the purposes of this Condition 7.4(iii):

"**Compounded Daily €STR**" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"**d<sub>o</sub>**" means the number of TARGET Settlement Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "**€STR reference rate**", in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it 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 TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"**€STR<sub>i</sub>**" means the €STR reference rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Settlement Day "i".

"**i**" is a series of whole numbers from one to "**d<sub>o</sub>**", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such period;

**"Interest Determination Date"** means, in respect of any Interest Period, the date falling "p" TARGET Settlement Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Settlement Days prior to such earlier date, if any, on which the Notes are due and payable);

**"n<sub>i</sub>"** for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Settlement Day "i" up to (but excluding) the following TARGET Settlement Day;

**"Observation Period"** means, in respect of any Interest Period, the period from (and including) the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "p" TARGET Settlement Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Notes become due and payable; and

**"p"** for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or, if no such period is specified, five TARGET Settlement Days.

Subject to Condition 7.10 (*Benchmark Replacement*), if, where any Rate of Interest is to be calculated pursuant to this Condition 7.4(iii), in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR reference rate for the first preceding TARGET Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

Subject to Condition 7.10 (*Benchmark Replacement*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7.4(iii), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (but applying the Margin applicable to the first Interest Period).

(iv) **Screen Rate Determination for Floating Rate Notes which are linked to SONIA Compounded Index**

This Condition 7.4(iv) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 "Index Determination" is specified in the relevant Final Terms as being applicable.

Where "Index Determination" is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left( \frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**Compounded Index Start**" means the SONIA Compounded Index value on the Start date;

"**d**" is the number of calendar days from (and including) the day on which the Compounded Index Start is determined to (but excluding) the day on which the Compounded Index End is determined;

"**End**" means the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means London Banking Days;

"**Numerator**" means 365;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards); and

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five.

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database or on the Relevant Screen Page (if indicated in the relevant Final Terms), or any successor source;

"**Start**" means the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the SONIA Compounded Index either on the Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Final Terms and as if Compounded Daily SONIA had been specified instead in the Final Terms, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Final Terms, and where the Observation Period for the purposes of that definition in Condition 7.4(ii) shall be deemed to be the same as the Relevant Number specified in the Final Terms and where the Relevant Screen Page will be determined by the Issuer. For the avoidance of doubt, if (i) a Benchmark Event has occurred, the provisions of Condition 7.10 (*Benchmark Replacement*) shall apply.

## 7.5 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 as specified in the applicable Final Terms.

## 7.6 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.



### 7.7 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.

### 7.8 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.

### 7.9 Notifications

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 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.

### 7.10 Benchmark Replacement

Notwithstanding the provisions in Conditions 6 (*Reset Rate Note Provisions*) and 7 (*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 7.10);
- (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 7.10); *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 7.10;
- (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 7.10). 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 English Law Notes in Physical Form and these Conditions as may be required in order to give effect to this Condition 7.10. 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 7.10: (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 7.10, 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 7.10, 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 7.10:

**"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; or
- (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 7.10 (*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.

## 8. 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 5 (*Fixed Rate Note Provisions*) or Condition 7 (*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 16 (*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 16 (*Notices*) prior to the relevant Switch Option Expiry Date.

## **9. ZERO COUPON NOTES PROVISIONS**

### **9.1 Application**

This Condition 9 (*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.

### **9.2 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 16 (*Notices*).

## **10. PAYMENTS**

### **10.1 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.

### **10.2 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.

### **10.3 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 12 (*Taxation*)) any law implementing an intergovernmental approach thereto,

but, in each case, without prejudice to the provisions of Condition 12 (*Taxation*).

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

#### **10.4 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.

#### **10.5 Unmatured Coupons void**

If the applicable Final Terms specifies that this Condition 10.5 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 11.2 (*Redemption for Taxation Reasons*), Condition 11.3 (*Redemption for Regulatory Reasons*), Condition 11.4 (*Redemption at the Option of the Issuer*), Condition 11.8 (*Issuer Call due to a MREL Disqualification Event*), Condition 11.9 (*Redemption at the Option of Noteholders*) or Condition 15 (*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.

#### **10.6 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 this Condition 10 falling after the due date.

## 10.7 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 16 (*Notices*).

## 10.8 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.

## 10.9 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 13 (*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.

## 11. REDEMPTION AND PURCHASE

### 11.1 Final Redemption

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 11.6 (*Redemption of Subordinated Notes*) and Condition 10 (*Payments*).

### 11.2 Redemption for Taxation Reasons

If:

- (i) 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 12 (*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;
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (iii) in the case of Subordinated Notes only, subject to Condition 11.6 (*Redemption of Subordinated Notes*),

(any such event, a "Tax Event")

the Issuer may at its option (but subject to Condition 11.6 (*Redemption of Subordinated Notes*) and to Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*), as applicable), having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at their Early

Redemption Amount (Tax) 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 11.2, 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 11.2, the Issuer shall be bound to redeem the Notes in accordance with the terms of this Condition 11.2 (subject to Condition 11.6 (*Redemption of Subordinated Notes*)) and to Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)).

### **11.3 Redemption for Regulatory Reasons**

This Condition 11.3 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.

If, at any time the Issuer determines that a Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer (subject to Condition 11.6 (*Redemption of Subordinated 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 16 (*Notices*) to the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 11.3, 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 11.3, the Issuer shall – subject to Condition 11.6 (*Redemption of Subordinated Notes*) - be bound to redeem the Notes in accordance with this Condition 11.3, at the Early Redemption Amount (Regulatory Event) described in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If the Call Option is specified in the applicable Final Terms as being applicable, the Notes may (subject to Condition 11.6 (*Redemption of Subordinated Notes*)) and to Condition 11.7 (*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) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall – subject to Condition 11.6 (*Redemption of Subordinated Notes*)) and to Condition 11.7 (*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) plus accrued interest (if any) to such date).



## 11.5 Partial Redemption

If the Notes are to be redeemed in part only on any date in accordance with Condition 11.4 (*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 11.4 (*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.

## 11.6 Redemption of Subordinated Notes

Any redemption of the Subordinated Notes in accordance with Condition 11.1 (*Final Redemption*), Condition 11.2 (*Redemption for Taxation Reasons*), Condition 11.3 (*Redemption for Regulatory Reasons*), Condition 11.4 (*Redemption at the Option of the Issuer*), Condition 11.10 (*Clean-up Redemption at the option of the Issuer*) and/or Condition 17 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 17), and any purchase in accordance with Condition 11.13 (*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 (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 purchase prior to the fifth anniversary of the Issue Date of the relevant Subordinated 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 11.2 (*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 is material and was not reasonably foreseeable as at the Issue Date; or
  - (ii) in case of redemption pursuant to Condition 11.3 (*Redemption for Regulatory Reasons*), a Regulatory Event having occurred in respect of Subordinated Notes; or
  - (iii) on or before such redemption or purchase (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 purchased 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, 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 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 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.

For the avoidance of doubt, any refusal of the Relevant Authority to grant its permission in accordance with Article 78 of the CRR shall not constitute a default of the Issuer for any purposes.

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

Any redemption in accordance with Condition 11.2 (*Redemption for Taxation Reasons*), Condition 11.4 (*Redemption at the Option of the Issuer*), Condition 11.8 (*Issuer Call Due to a MREL Disqualification Event*), Condition 11.10 (*Clean-up Redemption at the option of the Issuer*), Condition 17 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 17), and any purchase in accordance with Condition 11.13 (*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.

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

This Condition 11.8 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 11.7 (*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 16 (*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 11.8, 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 11.8, the Issuer shall – subject to Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) – be bound to redeem the Notes in accordance with this Condition 11.8 at the Early Redemption Amount described in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

This Condition 11.9 (*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 11.9, 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 11.9, 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 11.9, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

### **11.10 Clean-up Redemption at the option of the Issuer**

If a clean-up redemption option (the "**Clean-Up Redemption Option**") is specified as applicable in the Final Terms, and if 75% or any higher percentage specified in the relevant Final Terms (the "**Clean-Up Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may at any time, at its option, and having given to the Paying Agent, the relevant Clearing Systems and, in accordance with Condition 16 (*Notices*), the Noteholders not less than 5 nor more than 30 calendar days' notice (the "**Clean-Up Redemption Notice**") (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem such outstanding Notes, in whole but not in part, at their clean-up redemption amount ("**Clean-Up Redemption Amount**") together, if appropriate, with accrued interest to (but excluding) the date of redemption, on the date fixed for redemption identified in the Clean-Up Redemption Notice.

In the case of Senior Notes and Senior Non-Preferred Notes, the redemption referred to in this Condition 11.10 shall be subject to Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, the redemption referred to in this Condition 11.10 shall be subject to Condition 11.6 (*Redemption of Subordinated Notes*).

### **11.11 No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 11.1 (*Final Redemption*) to 11.9 (*Redemption at the Option of Noteholders*).

### **11.12 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 this Condition 11.9 or, if none is so specified, a Day Count Fraction of 30E/360.

### 11.13 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, the purchase of the relevant Subordinated Notes by the Issuer or any of its Subsidiaries shall take place subject as provided in Condition 11.6 (*Redemption of Subordinated Notes*); and
- (iii) in the case of Senior Notes and Senior Non-Preferred Notes, the purchase of the relevant Subordinated Notes by the Issuer or any of its Subsidiaries shall take place subject as provided in Condition 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

### 11.14 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.

## 12. TAXATION

### 12.1 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 that are not eligible at the relevant Issue Date to meet the Issuer's MREL Requirements only, 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.

## 12.2 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 this Condition 12.

## 13. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 10 (*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 10 (*Payments*).

## 14. 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.

## 15. EVENTS OF DEFAULT

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,

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 together with accrued interest without further action or formality. No Event of Default shall occur other than in the circumstances under paragraphs (i) and (ii) above (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 any purpose).

## 16. 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 the Luxembourg Stock Exchange and it is a

requirement of applicable laws and regulations or the rules of the Luxembourg Stock Exchange) a leading newspaper having general circulation in Luxembourg or on the Luxembourg Stock Exchange's website (*www.luxse.com*) or, if such publication shall not be practicable, in a 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 16.

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

### **17.1 Meetings of Noteholders**

The Agency Agreement for the English Law Notes in Physical Form 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.

### **17.2 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 English Law Notes in Physical Form 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 7.10 (*Benchmark Replacement*).

## **18. MODIFICATION OR SUBSTITUTION**

### **18.1 Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event**

This Condition 18.1 applies to Subordinated Notes if Modification or Substitution of Subordinated Notes for Regulatory Event or Tax Event is specified in the applicable Final Terms as being applicable. If at any time a Tax Event or a Regulatory Event occurs or in order to ensure the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), then the Issuer may either, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority and/or as appropriate the Relevant Resolution Authority: (a) substitute new notes for all such Subordinated Notes whereby such new notes shall replace the Subordinated Notes, or (b) vary the terms of all such Subordinated Notes, at any time without any requirement for consent of the holders of Subordinated Notes, so that the Subordinated Notes are substituted for, or as applicable, varied to, become or remain, Qualifying Subordinated Notes, subject to having given not less than 30 nor more than 60 days' notice to the Agent and the holders of Subordinated Notes and subject to receiving the prior consent from the Relevant Authority and/or as appropriate the Relevant Resolution Authority if and as required therefor under the Applicable Banking Regulations and in accordance with the Applicable

Banking Regulations in force at the relevant time, *provided that* such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

The holders of Subordinated Notes shall, by virtue of subscribing and/or purchasing and holding any Subordinated Notes, be deemed to have accepted the substitution and modification of the terms of Subordinated Notes and to have granted to the Issuer full powers and authority to take any action and/or execute and deliver any document in the name and /or on behalf of the holders of Subordinated Notes which is necessary or convenient to implement the substitution or modification of the terms of Subordinated Notes.

For the purposes of this Condition 18.1, "**Qualifying Subordinated Notes**" means securities issued directly or indirectly by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have the terms not less favourable to the holders of Subordinated Notes, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing, than the terms of the Subordinated Notes, and they shall also (a) contain terms such that they comply with the minimum requirement under the Applicable Banking Regulations for inclusion in the Tier 2 Capital of the Issuer; (b) provide for a ranking at least equal to that of the Subordinated Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (d) have the same redemption rights as the Subordinated Notes; (e) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of modification or substitution; and (f) are assigned (or maintain) the same, with the same outlook, or higher solicited credit ratings as were assigned to the Subordinated Notes (if rated) immediately prior to modification or substitution;
- (ii) are listed or admitted to trading on a recognised stock exchange if the Subordinated Notes were listed or admitted to trading immediately prior to such modification or substitution; and
- (iii) are not subject, at the time of, or immediately following, such modification or substitution, to any early redemption right for taxation reasons.

## **18.2 Modification or Substitution of Senior Notes and Senior Non-Preferred Notes following a MREL Disqualification Event**

This Condition 18.2 applies to Senior Notes or Senior Non-Preferred Notes if Modification or Substitution of Notes for MREL Disqualification Event is specified in the applicable Final Terms as being applicable. If at any time a MREL Disqualification Event occurs or in order to ensure the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), then the Issuer may either, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority and/or as appropriate the Relevant Resolution Authority: (a) substitute new notes for all such Senior Notes or Senior Non-Preferred Notes whereby such new notes shall replace the Senior Notes or Senior Non-Preferred Notes, or (b) vary the terms of all such Senior Notes or Senior Non-Preferred Notes, at any time without any requirement for consent of the holders of Senior Notes or Senior Non-Preferred Notes, so that the Senior Notes or Senior Non-Preferred Notes are substituted for, or as applicable, varied to, become or remain, Qualifying Senior Notes or Qualifying Senior Non-Preferred Notes, subject to having given not less than 30 nor more than 60 days' notice to the Agent and the holders of Senior Notes or Senior Non-Preferred Notes and subject to receiving the prior consent from the Relevant Authority and/or as appropriate the Relevant Resolution Authority if and as required therefor under the MREL Requirements in force at the relevant time, *provided that* such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

The holders of Senior Notes and Senior Non-Preferred Notes shall, by virtue of subscribing and/or purchasing and holding any Senior Notes or Senior Non-Preferred Notes, be deemed to have accepted the substitution and modification of the terms of Senior Notes or Senior Non-Preferred Notes and to have granted to the Issuer full powers and authority to take any action and/or execute and deliver any document in the name and /or on behalf of the holders of Senior Notes or Senior Non-Preferred Notes which is necessary or convenient to implement the substitution or modification of the terms of Senior Notes or Senior Non-Preferred Notes.

For the purposes of this Condition 18.2:

**"Qualifying Senior Notes"** means securities issued directly or indirectly by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior Notes, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing, than the terms of the Senior Notes, and they shall also (a) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for Own Funds and eligible liabilities under the then applicable MREL Requirements; (b) provide for a ranking at least equal to that of the Senior Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Notes; (d) have the same redemption rights as the Senior Notes; (e) preserve any existing rights under the Senior Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of modification or substitution; and (f) are assigned (or maintain) the same, with the same outlook, or higher solicited credit ratings as were assigned to the Senior Notes (if rated) immediately prior to such variation or substitution; and
- (ii) are listed or admitted to trading on a recognised stock exchange if the Senior Notes were listed or admitted to trading immediately prior to such modification or substitution.

**"Qualifying Senior Non-Preferred Notes"** means securities issued directly or indirectly by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior Non-Preferred Notes, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing, than the terms of the Senior Non-Preferred Notes, and they shall also (a) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for Own Funds and eligible liabilities under the then applicable MREL Requirements; (b) provide for a ranking at least equal to that of the Senior Non-Preferred Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes; (d) have the same redemption rights as the Senior Non-Preferred Notes; (e) preserve any existing rights under the Senior Non-Preferred Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of modification or substitution; and (f) are assigned (or maintain) the same, with the same outlook, or higher solicited credit ratings as were assigned to the Senior Non-Preferred Notes (if rated) immediately prior to such variation or substitution; and
- (ii) are listed or admitted to trading on a recognised stock exchange if the Senior Non-Preferred Notes were listed or admitted to trading immediately prior to such modification or substitution.

## 19. 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.

## 20. 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.



## 21. 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.

## 22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 23. GOVERNING LAW AND SUBMISSION TO JURISDICTION

### 23.1 Governing Law

The Agency Agreement for the English Law Notes in Physical Form, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement for the English Law Notes in Physical Form, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law, except for Conditions 2.A (*Status of Senior Non-Preferred Notes*), 3 (*Status of Subordinated Notes*), 11.6 (*Redemption of Subordinated Notes*), 11.7 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) and 24 (*Contractual Recognition of Bail-in Powers*) which are governed by and shall be construed in accordance with Italian law.

### 23.2 Submission to Jurisdiction

The courts of England 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 ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 23.2 is for the benefit of each of the Noteholders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### 23.3 Agent for Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London EC2N 4AG as its agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment in accordance with Condition 16 (*Notices*). The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

## 24. 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.

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 clause.

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;

## TERMS AND CONDITIONS FOR THE ITALIAN LAW NOTES IN PHYSICAL FORM

*The following are the Terms and Conditions applicable to each Series of Notes to be governed under Italian Law (respectively, the "Italian Law Notes in Physical Form" or the "Notes" and the "Terms and Conditions for the Italian Law Notes in Physical Form" 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 in Physical Form (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 19 July 2023 (as amended, restated, modified and/or supplemented from time to time, the "**Agency Agreement for the Italian Law Notes in Physical Form**" or the "**Agency Agreement**") made between the Issuer, BNP Paribas, 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 complete 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 in Physical Form are available for inspection or collection free of charge during normal business hours by a Noteholder upon reasonable request 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 Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the

Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)) 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 in Physical Form 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 in Physical Form.

Words and expressions defined in the Agency Agreement for the Italian Law Notes in Physical Form 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 in Physical Form 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 and netting 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 provision in these Conditions.

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

This Condition 2.A (*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, 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, including claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR, 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 provision 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.

Subject to the following paragraph, 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 (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*)) 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 (including Additional Tier 1 Capital).

In the event the Subordinated Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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 provision 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. Subject to the following paragraphs, 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, for so long as the relevant Series of Subordinated Notes qualify, in whole or in part, as Additional Tier 1 Capital:

- (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 subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), 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 are fully excluded from the Issuer's Additional Tier 1 Capital and for so long as they qualify as, in whole or in part, as Tier 2 Capital, such Additional Tier 1 Notes shall rank (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 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 (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*)), (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 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 (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 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), including Additional Tier 1 Capital.

In the event the Additional Tier 1 Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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 provision 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 and applicable to the Issuer or the Group (as the case may be) 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 for the Italian Law Notes in Physical Form 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 recapitalisation 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 recapitalisation 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 9.10 (*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 13.2 (*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:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" 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 D<sub>2</sub> 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:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" 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 D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" 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 D<sub>2</sub> 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 19 (*Events of Default*).

"**Extraordinary Resolution**" has the meaning given to that term in the Agency Agreement for the Italian Law Notes in Physical Form.

"**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 13.2 (*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.) or the 2021 ISDA Interest Rate Derivatives 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.

**"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 the rate indicated in the applicable Final Terms 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 any applicable transitional provisions), 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, CMS Rate, SONIA, SONIA COMPOUNDED Index or €STR as specified in the applicable Final Terms in respect of the currency and period specified in the applicable Final Terms.

**"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 (save where the exclusion from Tier 2 Capital of the Issuer is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of such Series of Subordinated Notes as part of the Tier 2 Capital of the Issuer be amortised in the five years prior to maturity of such Notes, in either (A) or (B) in accordance with Applicable Banking Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Subordinated Notes) 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 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 20 (*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 Net Banking Income"** means the lower of the Net Banking Income and the Consolidated Net Banking Income.

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

**"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 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 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 in Physical Form 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 one 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) (with such sum converted (if necessary) from a basis equivalent to the duration of the Reset Reference Rate to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent)).

**"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 in Physical Form.

**"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.

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

"**Talon**" means a talon for further Coupons.

"**TARGET Settlement Day**" means any day on which the T2 is open for the settlement of payments in euro.

"**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.

"**Write-Down Amount**" means the amount by which the then Prevailing 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.

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

"**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 Prevailing 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 13.4 (*Reinstatement of principal amount*) in the circumstances existing on the date of the relevant Write-Up.

"**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.

## **7. FIXED RATE NOTE PROVISIONS**

### **7.1 Application**

This Condition 7 (*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.

### **7.2 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 14 (*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 7 (*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 20 (*Notices*).

### **7.3 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.

### **7.4 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.

## **8. RESET RATE NOTE PROVISIONS**

### **8.1 Application**

This Condition 8 (*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.

### **8.2 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 8) payable, subject as provided in Condition 14 (*Payments*), in arrears on the Interest Payment Date(s) specified in the applicable Final Terms.

### **8.3 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 8 (*Reset 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 20 (*Notices*).

#### **8.4 Reset Rate Screen Page**

Subject to Condition 9.10 (*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 8 (*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.

#### **8.5 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.

#### **8.6 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.

#### **8.7 Notifications**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*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.

## **9. FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS**

### **9.1 Application**

This Condition 9 (*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.

### **9.2 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 14 (*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 9 (*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 20 (*Notices*).

### **9.3 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 9.10 (*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.

#### 9.4

##### (i) **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 9.10 (*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.

##### (ii) **Screen Rate Determination for Floating Rate Notes which are linked to SONIA**

This Condition 9.4(ii) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".

Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent. For the purposes of this paragraph 9.4(ii):

"Compounded Daily SONIA", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"d" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or



- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 365);

"**d<sub>o</sub>**" means the number of London Banking Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**i**" means a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**" for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or if no such period is specified, five London Banking Days;

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking 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 is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIA<sub>i</sub>**" means the SONIA Reference Rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant London Banking Day "i";

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.*

If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 9.10 (*Benchmark Replacement*), be:

- (A) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking 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 the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A).

Subject to Condition 9.10 (*Benchmark Replacement*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 9.4(ii), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (but applying the Margin applicable to the first Interest Period).

(iii) **Screen Rate Determination for Floating Rate Notes which are linked to €STR**

This Condition 9.4(iii) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 the "Reference Rate" is specified in the relevant Final Terms as being "€STR".

Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date. For the purposes of this Condition 9.4(iii):

"**Compounded Daily €STR**" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"**d<sub>o</sub>**" means the number of TARGET Settlement Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "**€STR reference rate**", in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it 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 TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"**€STR<sub>i</sub>**" means the €STR reference rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Settlement Day "i".

"**i**" is a series of whole numbers from one to "d<sub>o</sub>", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" TARGET Settlement Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Settlement Days prior to such earlier date, if any, on which the Notes are due and payable);

"**n<sub>i</sub>**" for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Settlement Day "i" up to (but excluding) the following TARGET Settlement Day;

"**Observation Period**" means, in respect of any Interest Period, the period from (and including) the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "p" TARGET Settlement Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Notes become due and payable; and

"**p**" for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or, if no such period is specified, five TARGET Settlement Days.

Subject to Condition 9.10 (*Benchmark Replacement*), if, where any Rate of Interest is to be calculated pursuant to this Condition 9.4(iii), in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR reference rate for the first preceding TARGET Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

Subject to Condition 9.10 (*Benchmark Replacement*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 9.4(iii), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (but applying the Margin applicable to the first Interest Period).

(iv) **Screen Rate Determination for Floating Rate Notes which are linked to SONIA Compounded Index**

This Condition 9.4(iv) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 "Index Determination" is specified in the relevant Final Terms as being applicable.

Where "Index Determination" is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left( \frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**Compounded Index Start**" means the SONIA Compounded Index value on the Start date;

"**d**" is the number of calendar days from (and including) the day on which the Compounded Index Start is determined to (but excluding) the day on which the Compounded Index End is determined;

"**End**" means the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means London Banking Days;

"**Numerator**" means 365;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards); and

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five.

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database or on the Relevant Screen Page (if indicated in the relevant Final Terms), or any successor source;

"**Start**" means the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the SONIA Compounded Index either on the Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Final Terms and as if Compounded Daily SONIA had been specified instead in the Final Terms, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Final Terms, and where the Observation Period for the purposes of that definition in Condition 9.4(ii) shall be deemed to be the same as the Relevant Number specified in the Final Terms and where the Relevant Screen Page will be determined by the Issuer. For the avoidance of doubt, if (i) a Benchmark Event has occurred, the provisions of Condition 9.10 (*Benchmark Replacement*) shall apply.

#### **9.5 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 as specified in the applicable Final Terms.

#### **9.6 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.

#### **9.7 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.

#### **9.8 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.

## 9.9 Notifications

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9 (*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.

## 9.10 Benchmark Replacement

Notwithstanding the provisions in Conditions 6 (*Reset Rate Note Provisions*) and 9 (*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 9.10 (*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 9.10 (*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 9.10 (*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 9.10 (*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 in Physical Form and these Conditions as may be required in order to give effect to this Condition 9.10 (*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 9.10 (*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 9.10 (*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; (C) in the case of Additional Tier 1 Notes, Tier 1 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 9.10 (*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 9.10 (*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 9.10 (*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.

## 10. 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 7 (*Fixed Rate Note Provisions*) or Condition 9 (*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 20 (*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 20 (*Notices*) prior to the relevant Switch Option Expiry Date.

## 11. ZERO COUPON NOTES PROVISIONS

### 11.1 Application

This Condition 11 (*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.

### 11.2 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 20 (*Notices*).

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

### **12.1 Application**

This Condition 12 (*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 12.

### **12.2 Calculation of Interest Amount**

Subject to Condition 12.5 (*Cancellation of Interest Amounts*) and Condition 14 (*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).

### **12.3 Calculation of Interest Amount in case of Write-Down**

Subject to Condition 12.5 (*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 13.2(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 12.2 (*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.

### **12.4 Calculation of Interest Amount in case of Write-Up**

Subject to Condition 12.5 (*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).

### **12.5 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 13.2 (*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 20 (*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 12.5 (*Cancellation of Interest Amounts*) or Condition 13.2 (*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.

## 12.6 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).

### 13. LOSS ABSORPTION AND REINSTATEMENT OF PRINCIPAL AMOUNT

#### 13.1 Application

This Condition 13 (*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 13.

#### 13.2 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 20 (*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 13.2(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 13.2 (*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.

### 13.3 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 13.2 (*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).*

### 13.4 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 13.4 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 13.4 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 13.4 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 13.4 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 13.4.

If the Issuer decides to Write-Up the Additional Tier 1 Notes pursuant to this Condition 13.4, 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 20 (*Notices*) and to the Agent. Such Write-Up Notice shall be given at least 10 Business Days prior to the date on which the relevant Write-Up becomes effective.

## 14. PAYMENTS

### 14.1 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.

#### 14.2 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.

#### 14.3 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 16 (*Taxation*)) any law implementing an intergovernmental approach thereto,

but, in each case, without prejudice to the provisions of Condition 16 (*Taxation*).

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

#### 14.4 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.

#### **14.5 Unmatured Coupons void**

If the applicable Final Terms specifies that this Condition 14.5 (*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 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*), Condition 15.5 (*Redemption at the Option of the Issuer*), Condition 15.10 (*Issuer Call due to a MREL Disqualification Event*), Condition 15.11 (*Redemption at the Option of Noteholders*) or Condition 19 (*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.

#### **14.6 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 14 (*Payments*) falling after the due date.

#### **14.7 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 20 (*Notices*).

#### **14.8 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.

#### **14.9 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 17 (*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.

### **15. REDEMPTION AND PURCHASE**

#### **15.1 Final Redemption**

This Condition 15.1 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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and Condition 14 (*Payments*).



## 15.2 No fixed redemption for the Additional Tier 1 Notes

This Condition 15.2 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 15.2.

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 Prevaling Principal Amount, together with any accrued but unpaid interest (to the extent not cancelled in accordance with Condition 12.5 (*Cancellation of Interest Amounts*)) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 16 (*Taxation*).

## 15.3 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 16 (*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 16 (*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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*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 20 (*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 15.3 (*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 15.3 (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with the terms of this Condition 15.3 (*Redemption for Taxation Reasons*) (subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)).

#### **15.4 Redemption for Regulatory Reasons**

This Condition 15.4 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 15.8 (*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 20 (*Notices*) to the Noteholders (which notice shall be irrevocable).

Prior to the publication of any notice of redemption pursuant to this Condition 15.4 (*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 15.4 (*Redemption for Regulatory Reasons*), the Issuer shall – subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) - be bound to redeem the Notes in accordance with this Condition 15.4 (*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.

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

This Condition 15.5 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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*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).

#### **15.6 Partial Redemption**

If the Notes are to be redeemed in part only on any date in accordance with Condition 15.5 (*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 15.5 (*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.

#### **15.7 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.

#### **15.8 Redemption of Subordinated Notes and Additional Tier 1 Notes**

Any redemption of, respectively, the Subordinated Notes in accordance with Condition 15.1 (*Final Redemption*), Condition 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*) and/or Condition 15.5 (*Redemption at the Option of the Issuer*) or the Additional Tier 1 Notes in accordance with Condition 15.2 (*No fixed redemption for the Additional Tier 1 Notes*), Condition 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*), Condition 15.5 (*Redemption at the Option of the Issuer*), Condition 15.12 (*Clean-up Redemption at the option of the Issuer*) and/or Condition 21 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 21), and any purchase in accordance with Condition 15.15 (*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 15.3 (*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 15.4 (*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 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*) and/or Condition 15.5 (*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 13 (*Loss Absorption and Reinstatement of Principal Amount*).

The Issuer shall not give a redemption notice pursuant to Condition 15.3 (*Redemption for Taxation Reasons*) and Condition 15.4 (*Redemption for Regulatory Reasons*), Condition 15.5 (*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.

## 15.9 Redemption of Senior Notes and Senior Non-Preferred Notes

Any redemption of the Senior Notes and Senior Non-Preferred Notes in accordance with Condition 15.3 (*Redemption for Taxation Reasons*), Condition 15.5 (*Redemption at the Option of the Issuer*), Condition 15.10 (*Issuer Call Due to a MREL Disqualification Event*), Condition 15.12 (*Clean-up Redemption at*

*the option of the Issuer*), Condition 21 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 21), and any purchase in accordance with Condition 15.15 (*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.

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

This Condition 15.10 (*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 15.9 (*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 20 (*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 15.10 (*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 15.10 (*Issuer Call Due to a MREL Disqualification Event*), the Issuer shall – subject to Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) – be bound to redeem the Notes in accordance with this Condition 15.10 (*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.

### 15.11 Redemption at the Option of Noteholders

This Condition 15.11 (*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 15.11 (*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 15.11 (*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 15.11 (*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.

### 15.12 Clean-up Redemption at the option of the Issuer

If a clean-up redemption option (the "**Clean-Up Redemption Option**") is specified as applicable in the Final Terms, and if 75% or any higher percentage specified in the relevant Final Terms (the "**Clean-Up Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may at any time, at its option, and having given to the Paying Agent, the relevant Clearing Systems and, in accordance with Condition 20 (*Notices*), the Noteholders not less than 5 nor more than 30 calendar days' notice (the "**Clean-Up Redemption Notice**") (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem such outstanding Notes, in whole but not in part, at their clean-up redemption amount ("**Clean-Up Redemption Amount**") together, if appropriate, with accrued interest to (but excluding) the date of redemption, on the date fixed for redemption identified in the Clean-Up Redemption Notice.

In the case of Senior Notes and Senior Non-Preferred Notes, the redemption referred to in this Condition 15.12 shall be subject to Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, the redemption referred to in this Condition 15.12 shall be subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*).

### 15.13 No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 15.1 (*Final Redemption*) to 15.11 (*Redemption at the Option of Noteholders*).

### 15.14 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 15.11 (*Redemption at the Option of Noteholders*) or, if none is so specified, a Day Count Fraction of 30E/360.

#### **15.15 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 15.8 (*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 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

#### **15.16 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.

### **16. TAXATION**

#### **16.1 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 that are not eligible at the relevant Issue Date to meet the Issuer's MREL Requirements only, 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.

## 16.2 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 16 (*Taxation*).

## 17. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 14 (*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 14 (*Payments*).

## 18. 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.

## 19. EVENTS OF DEFAULT

With respect to any 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,

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 shall occur other than in the circumstances under paragraphs (i) and (ii) above (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 any purpose).

## 20. 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 the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations or the rules of the Luxembourg Stock Exchange) a leading



newspaper having general circulation in Luxembourg or on the Luxembourg Stock Exchange's website (*www.luxse.com*) 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 20 (*Notices*).

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

### **21.1 Meetings of Noteholders**

The Agency Agreement for the Italian Law Notes in Physical Form 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.

### **21.2 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 in Physical Form 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 9.10 (*Benchmark Replacement*).

## **22. 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.

## **23. 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.

## **24. 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.

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

### **25.1 Governing Law**

The Agency Agreement for the Italian Law Notes in Physical Form, 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 in Physical Form, the Notes and the Coupons are governed by, and construed in accordance with, Italian law.

### **25.2 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.

## **26. 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); and

**"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.

## TERMS AND CONDITIONS FOR THE DEMATERIALISED NOTES

*The following are the Terms and Conditions applicable to each Series of Notes issued in Dematerialised form (respectively, the "Dematerialised Notes" or the "Notes" and the "Terms and Conditions for the Dematerialised Notes" or the "Terms and Conditions"). The applicable Final Terms (or the relevant provisions thereof) will complete these Terms and Conditions. Reference should be made to "applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

*Any reference in these Terms and Conditions to "Noteholders" or "holders" in relation to any Notes shall mean the beneficial owners of the Notes and evidenced in book entry form with Monte Titoli S.p.A., with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy ("Monte Titoli") pursuant to the relevant provisions of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and in accordance with the CONSOB and Bank of Italy Jointed Regulation dated 13 August 2018, as subsequently amended and supplemented from time to time (the "CONSOB and Bank of Italy Jointed Regulation"). No physical document of title will be issued in respect of the Notes. Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") are intermediaries authorised to operate through Monte Titoli.*

The Notes are one of a Series (as defined below) of Notes issued by Banca Ifis S.p.A. (the "Issuer") in dematerialised form. The Issuer will also act as paying agent for the Notes (the "Paying Agent") save that the Issuer is entitled to appoint a different Paying Agent for the Dematerialised Notes in accordance with Condition 14.4 (*Paying Agents*). References in these Conditions to "Paying Agent" shall mean, for so long as the Issuer acts as paying agent for the Notes, the Issuer in its capacity as such, or such other party from time to time appointed by the Issuer to act as paying agent for the Notes.

The Final Terms for the Dematerialised Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms expressed to apply to the Dematerialised Notes, which complete 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) applicable to the Dematerialised Notes.

The holders for the time being of the Dematerialised Notes shall hereafter be referred to as the "Noteholders", which expression shall, in relation to any Dematerialised Notes, be construed as provided below and are to the beneficial owners of Notes issued in dematerialised form and evidenced in book entry form with Monte Titoli S.p.A. pursuant to the relevant provisions of the Financial Services Act and in accordance with CONSOB and Bank of Italy Jointed Regulation. No physical document of title will be issued in respect of Notes.

As used herein, "Tranche" means Dematerialised Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Dematerialised Notes together with any further Tranche or Tranches of Dematerialised Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates (as set out in the relevant Final Terms), Interest Commencement Dates and/or Issue Prices.

Payment of principal and interest in respect of the Dematerialised Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders (as defined below) whose accounts with Monte Titoli are credited with those Dematerialised Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Dematerialised Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Dematerialised Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

In these Terms and Conditions, the expression "Monte Titoli Account Holder" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg.

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 will be in held in dematerialised form in the Specified Denomination(s) on behalf of the beneficial owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg.

The Notes will at all times be evidenced by, and title to the Notes will be established or transferred by way of, book-entries pursuant to the relevant provisions of the Financial Services Act and in accordance with the CONSOB and Bank of Italy Jointed Regulation. No physical document of title will be issued in respect of the Notes.

## 2. STATUS OF SENIOR NOTES

This Condition 2 (*Status of Senior Notes*) is applicable only to Senior Notes. The Senior Notes 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 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 and netting 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 provision in these Conditions.

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

This Condition 2.A (*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) constitute direct, unconditional, 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, including claims arising from the excluded liabilities within the meaning of Article 72a(2) of the CRR, 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 provision in these Conditions.

## 3. STATUS OF SUBORDINATED NOTES

This Condition 3 (*Status of Subordinated Notes*) is applicable only to Subordinated Notes. Subordinated Notes 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.

Subject to the following paragraph, 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 will rank in right of payment:

- (i) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and Senior Non-Preferred Notes) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*)) 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 (including Additional Tier 1 Capital).

In the event the Subordinated Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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 provision 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. Subject to the following paragraphs, 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, for so long as the relevant Series of Subordinated Notes qualify, in whole or in part, as Additional Tier 1 Capital:

- (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 subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*), 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 are fully excluded from the Issuer's Additional Tier 1 Capital and for so long as they qualify as, in whole or in part, as Tier 2 Capital, such Additional Tier 1 Notes shall rank (i) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes, Senior Non-Preferred Notes) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than 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 (including any subordinated instruments that have ceased to qualify, in their entirety, as own fund items (*elementi di fondi propri*)), (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 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 (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 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), including Additional Tier 1 Capital.

In the event the Additional Tier 1 Notes of any Series do not qualify or cease to qualify, in their entirety, as own funds, 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 provision 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"** means any person who (i) is a Director or the Secretary of the Issuer or (ii) is duly authorised to sign documents and to do other acts and things on behalf of the Issuer.

**"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 Paying 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 9.10 (*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.

"**CONSOB and Bank of Italy Jointed Regulation**" means the joint regulation issued by Consob and the Bank of Italy dated 13 August 2018, as amended, supplemented or replaced from time to time.

"**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 13.2 (*Loss absorption*).

"**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:

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

Where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

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

Where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>2</sub> 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:

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

Where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" 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 D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>2</sub> 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 18 (*Events of Default*).

"Extraordinary Resolution" has the meaning given to that term in the provisions for meetings of noteholders attached to these Conditions as Annex 1.

"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 13.2 (*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.) or the 2021 ISDA Interest Rate Derivatives 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.

**"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 the rate indicated in the applicable Final Terms 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.

**"Monte Titoli Account Holder"** means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear, as operator of the Euroclear System, and Clearstream, Luxembourg.

**"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 any applicable transitional provisions), 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 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 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.

**"Provisions for Meetings of Noteholders"** means the provisions for meetings of noteholders attached to these Conditions as Annex 1.

**"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, CMS Rate, SONIA, SONIA COMPOUNDED Index or €STR as specified in the applicable Final Terms in respect of the currency and period specified in the applicable Final Terms.

**"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 (save where the exclusion from Tier 2 Capital of the Issuer is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of such Series of Subordinated Notes as part of the Tier 2 Capital of the Issuer be amortised in the five years prior to maturity of such Notes, in either (A) or (B) in accordance with Applicable Banking Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Subordinated Notes) 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 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 Paying 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 in accordance with Condition 19 (*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.

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

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

**"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 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 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 Provisions for Meetings of Noteholders 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 one 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) (with such sum converted (if necessary) from a basis equivalent to the duration of the Reset Reference Rate to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent)).

"**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**" means Via Terraglio 63, 30174 Mestre (VE), Italy or such other address of the relevant Paying Agent notified by the Issuer to the Noteholders in accordance with Condition 19 (*Notices*).

"**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.

"**TARGET Settlement Day**" means any day on which the T2 is open for the settlement of payments in euro.

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor 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.

"**Write-Down Amount**" means the amount by which the then Prevailing 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.

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

**"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 Prevailing 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 13.4 (*Reinstatement of principal amount*) in the circumstances existing on the date of the relevant Write-Up.

**"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.

## 7. FIXED RATE NOTE PROVISIONS

### 7.1 Application

This Condition 7 (*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.

### 7.2 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 14 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless 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 7 (*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 Paying 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 19 (*Notices*).

### 7.3 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.

### 7.4 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.

## **8. RESET RATE NOTE PROVISIONS**

### **8.1 Application**

This Condition 8 (*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.

### **8.2 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 8) payable, subject as provided in Condition 14 (*Payments*), in arrears on the Interest Payment Date(s) specified in the applicable Final Terms.

### **8.3 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 8 (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 Paying 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 19 (*Notices*).

### **8.4 Reset Rate Screen Page**

Subject to Condition 9.10 (*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 8 (*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.

### **8.5 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.

## **8.6 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 Agent, Monte Titoli 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.

## **8.7 Notifications**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Reset Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agent, Monte Titoli and the Noteholders 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.

## **9. FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS**

### **9.1 Application**

This Condition 9 (*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.

### **9.2 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 14 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless 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 9 (*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 Paying 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 19 (*Notices*).

### **9.3 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 9.10 (*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.

#### 9.4

##### (i) **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 9.10 (*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.

##### (ii) **Screen Rate Determination for Floating Rate Notes which are linked to SONIA**

This Condition 9.4(ii) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".



Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent. For the purposes of this paragraph 9.4(ii):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 365);

"**d<sub>o</sub>**" means the number of London Banking Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**i**" means a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n<sub>i</sub>**" for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"p" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or if no such period is specified, five London Banking Days;

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking 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 is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIA<sub>i</sub>**" means the SONIA Reference Rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant London Banking Day "i";

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.*

If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 9.10 (*Benchmark Replacement*), be:

- (A) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking 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 the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A).

Subject to Condition 9.10 (*Benchmark Replacement*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 9.4(ii), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (but applying the Margin applicable to the first Interest Period).

(iii) **Screen Rate Determination for Floating Rate Notes which are linked to €STR**

This Condition 9.4(iii) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 the "Reference Rate" is specified in the relevant Final Terms as being "€STR".

Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the

relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date. For the purposes of this Condition 9.4(iii):

**"Compounded Daily €STR"** means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

**"d"** means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

**"D"** means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

**"d<sub>0</sub>"** means the number of TARGET Settlement Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the **"€STR reference rate"**, in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it 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 TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

**"€STR<sub>i</sub>"** means the €STR reference rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Settlement Day falling "p" TARGET Settlement Days prior to the relevant TARGET Settlement Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Settlement Day "i".

**"i"** is a series of whole numbers from one to "d<sub>0</sub>", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such period;

**"Interest Determination Date"** means, in respect of any Interest Period, the date falling "p" TARGET Settlement Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Settlement Days prior to such earlier date, if any, on which the Notes are due and payable);

**"n<sub>i</sub>"** for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Settlement Day "i" up to (but excluding) the following TARGET Settlement Day;

**"Observation Period"** means, in respect of any Interest Period, the period from (and including) the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "p" TARGET Settlement Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) such earlier date, if any, on which the Notes become due and payable; and

**"p"** for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or, if no such period is specified, five TARGET Settlement Days.

Subject to Condition 9.10 (*Benchmark Replacement*), if, where any Rate of Interest is to be calculated pursuant to this Condition 9.4(iii), in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR reference rate for the first preceding TARGET Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

Subject to Condition 9.10 (*Benchmark Replacement*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 9.4(iii), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 (but applying the Margin applicable to the first Interest Period).

(iv) **Screen Rate Determination for Floating Rate Notes which are linked to SONIA Compounded Index**

This Condition 9.4(iv) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, 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 "Index Determination" is specified in the relevant Final Terms as being applicable.

Where "Index Determination" is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left( \frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

**"Compounded Index Start"** means the SONIA Compounded Index value on the Start date;

**"d"** is the number of calendar days from (and including) the day on which the Compounded Index Start is determined to (but excluding) the day on which the Compounded Index End is determined;

"**End**" means the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means London Banking Days;

"**Numerator**" means 365;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards); and

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five.

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database or on the Relevant Screen Page (if indicated in the relevant Final Terms), or any successor source;

"**Start**" means the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the SONIA Compounded Index either on the Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Final Terms and as if Compounded Daily SONIA had been specified instead in the Final Terms, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Final Terms, and where the Observation Period for the purposes of that definition in Condition 9.4(ii) shall be deemed to be the same as the Relevant Number specified in the Final Terms and where the Relevant Screen Page will be determined by the Issuer. For the avoidance of doubt, if (i) a Benchmark Event has occurred, the provisions of Condition 9.10 (*Benchmark Replacement*) shall apply.

## 9.5 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 as specified in the applicable Final Terms.

## 9.6 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.

## 9.7 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.

## 9.8 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 Agent, Monte Titoli 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.

## 9.9 Notifications

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9 (*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 Agent, the Noteholders and Monte Titoli 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.

## 9.10 Benchmark Replacement

Notwithstanding the provisions in Conditions 6 (*Reset Rate Note Provisions*) and 9 (*Floating Rate Notes and CMS Linked Interest Note Provisions*), if the Issuer in consultation with the Paying 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 9.10 (*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 9.10 (*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 9.10 (*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 Paying 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 9.10 (*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 Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to these Conditions as may be required in order to give effect to this Condition 9.10 (*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 Paying 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 Paying Agent, Monte Titoli and the Noteholders.

Notwithstanding any other provision of this Condition 9.10 (*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 9.10 (*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; (C) in the case of Additional Tier 1 Notes, Tier 1 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 9.10 (*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 9.10 (*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; or
- (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 9.10 (*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.

## 10. 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 7 (*Fixed Rate Note Provisions*) or Condition 9 (*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 19 (*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 19 (*Notices*) prior to the relevant Switch Option Expiry Date.

## **11. ZERO COUPON NOTES PROVISIONS**

### **11.1 Application**

This Condition 11 (*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.

### **11.2 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 Paying 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 19 (*Notices*).

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

### **12.1 Application**

This Condition 12 (*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 12.

### **12.2 Calculation of Interest Amount**

Subject to Condition 12.5 (*Cancellation of Interest Amounts*) and Condition 14 (*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).

### **12.3 Calculation of Interest Amount in case of Write-Down**

Subject to Condition 12.5 (*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 13.2(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 12.2 (*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.

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

Subject to Condition 12.5 (*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).

#### 12.5 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 13.2 (*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 19 (*Notices*)) and the Paying 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 12.5 (*Cancellation of Interest Amounts*) or Condition 13.2 (*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.

## 12.6 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).

## 13. LOSS ABSORPTION AND REINSTATEMENT OF PRINCIPAL AMOUNT

### 13.1 Application

This Condition 13 (*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 13.

### 13.2 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 19 (*Notices*)), the Paying Agent (*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 13.2(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 Paying 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 Paying 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 13.2 (*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.

### 13.3 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 13.2 (*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).

### 13.4 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 13.4 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 13.4 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 13.4 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 13.4 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 13.4.

If the Issuer decides to Write-Up the Additional Tier 1 Notes pursuant to this Condition 13.4, 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 19 (*Notices*) and to the Paying Agent. Such Write-Up Notice shall be given at least 10 Business Days prior to the date on which the relevant Write-Up becomes effective.

## **14. PAYMENTS**

### **14.1 Payments in respect of Notes**

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

### **14.2 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 16 (*Taxation*)) any law implementing an intergovernmental approach thereto,

but, in each case, without prejudice to the provisions of Condition 16 (*Taxation*).

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

### **14.3 Payments on a Business Day**

If the due date for payment in respect of any Note is not a Payment Business Day, the holder will not be entitled to payment of the amount due until the next succeeding Payment Business Day and such holder shall not be entitled to further interest or other payment in respect of such delay.

### **14.4 Paying Agents**

The initial Paying Agent is the Issuer. The initial Calculation Agent (if any) is specified in the applicable Final Terms. The Issuer reserves the right at any time to appoint another person to act as Paying Agent or vary or terminate the appointment of any paying agent appointed under the terms of an agency agreement in a customary form and/or 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) A Paying Agent; and

- (ii) if a Calculation Agent is specified in the applicable Final Terms, the Issuer shall at all times maintain a Calculation Agent.

Notice of any change in the Paying Agent or its Specified Offices will promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

## **15. REDEMPTION AND PURCHASE**

### **15.1 Final Redemption**

This Condition 15.1 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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and Condition 14 (*Payments*).

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

This Condition 15.2 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 15.2.

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 12.5 (*Cancellation of Interest Amounts*)) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 16 (*Taxation*).

### **15.3 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 16 (*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 a certificate made available, upon request, to the relevant Noteholder, 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 16 (*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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*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 19 (*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 15.3 (*Redemption for Taxation Reasons*) in the case of any Note other than Additional Tier 1 Notes, the Issuer shall make available, upon request, to relevant 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 15.3 (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with the terms of this Condition 15.3 (*Redemption for Taxation Reasons*) (subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)).

#### **15.4 Redemption for Regulatory Reasons**

This Condition 15.4 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 15.8 (*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 Paying Agent, Monte Titoli and, in accordance with Condition 19 (*Notices*) to the Noteholders (which notice shall be irrevocable).

Prior to the publication of any notice of redemption pursuant to this Condition 15.4 (*Redemption for Regulatory Reasons*), the Issuer shall make available, upon request, to the relevant Noteholder, 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.

Upon the expiry of any such notice as is referred to in this Condition 15.4 (*Redemption for Regulatory Reasons*), the Issuer shall – subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) - be bound to redeem the Notes in accordance with this Condition 15.4 (*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.

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

This Condition 15.5 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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*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 Paying Agent, Monte Titoli and the Noteholders which notices shall – subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*) and to Condition 15.9 (*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).

#### **15.6 Partial Redemption**

If the Notes are to be redeemed in part only on any date in accordance with Condition 15.5 (*Redemption at the Option of the Issuer*), the Notes to be redeemed shall be selected in accordance with the rules of Monte Titoli (to be reflected in the records of Monte Titoli as a pro rata reduction in principal amount), subject to compliance with applicable laws 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. 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.

#### **15.7 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.

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

Any redemption of, respectively, the Subordinated Notes in accordance with Condition 15.1 (*Final Redemption*), Condition 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*) and/or Condition 15.5 (*Redemption at the Option of the Issuer*) or the Additional Tier 1 Notes in accordance with Condition 15.2 (*No fixed redemption for the Additional Tier 1 Notes*), Condition 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*), Condition 15.5 (*Redemption at the Option of the Issuer*), Condition 15.12 (*Clean-up Redemption at the option of the Issuer*) and/or Condition 20 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 21), and any purchase in accordance with Condition 15.15 (*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 15.3 (*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 15.4 (*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 15.3 (*Redemption for Taxation Reasons*), Condition 15.4 (*Redemption for Regulatory Reasons*) and/or Condition 15.5 (*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 13 (*Loss Absorption and Reinstatement of Principal Amount*).

The Issuer shall not give a redemption notice pursuant to Condition 15.3 (*Redemption for Taxation Reasons*) and Condition 15.4 (*Redemption for Regulatory Reasons*), Condition 15.5 (*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.

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

Any redemption of the Senior Notes and Senior Non-Preferred Notes in accordance with Condition 15.3 (*Redemption for Taxation Reasons*), Condition 15.5 (*Redemption at the Option of the Issuer*), Condition 15.10 (*Issuer Call Due to a MREL Disqualification Event*), Condition 15.12 (*Clean-up Redemption at the option of the Issuer*), Condition 20 (*Meeting of Noteholders, Noteholders' Representative*) (including for the avoidance of doubt, any modification in accordance with Condition 21), and any purchase in accordance with Condition 15.15 (*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.

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

This Condition 15.10 (*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 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*)), having given not less than 15 nor more than 30 days' notice the Paying Agent, Monte Titoli and, in accordance with Condition 19 (*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 15.10 (*Issuer Call Due to a MREL Disqualification Event*), the Issuer shall make available, upon request, to the relevant Noteholder 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.

Upon the expiry of any such notice as is referred to in this Condition 15.10 (*Issuer Call Due to a MREL Disqualification Event*), the Issuer shall – subject to Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*) – be bound to redeem the Notes in accordance with this Condition 15.10 (*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.

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

This Condition 15.11 (*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 15.11 (*Redemption at the Option of Noteholders*), the holder of a Note must deliver to any Paying Agent a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent to which a Put Option Notice is so delivered shall deliver a duly completed Put Option Receipt to the relevant Noteholder. Upon delivery of a Put Option Notice and up to and including the Optional Redemption Date(s) (Put), no transfer of title to the Note(s) for which the Put Option Notice has been delivered will be allowed. At least 5 Business Days prior to the Optional Redemption Date(s) (Put), the Issuer and the Paying Agent shall notify Monte Titoli of the amount of Notes to be redeemed on the Optional Redemption Date(s) (Put) and the aggregate Optional Redemption Amount (Put).

#### **15.12 Clean-up Redemption at the option of the Issuer**

If a clean-up redemption option (the "**Clean-Up Redemption Option**") is specified as applicable in the Final Terms, and if 75% or any higher percentage specified in the relevant Final Terms (the "**Clean-Up Percentage**") of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the Issuer and cancelled, the Issuer may at any time, at its option, and having given to the Paying Agent, Monte Titoli and, in accordance with Condition 19 (*Notices*), the Noteholders not less than 5 nor more than 30 calendar days' notice (the "**Clean-Up Redemption Notice**") (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem such outstanding Notes, in whole but not in part, at their clean-up redemption amount ("**Clean-Up Redemption Amount**") together, if appropriate, with accrued interest to (but excluding) the date of redemption, on the date fixed for redemption identified in the Clean-Up Redemption Notice.

In the case of Senior Notes and Senior Non-Preferred Notes, the redemption referred to in this Condition 15.12 shall be subject to Condition 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, the redemption referred to in this Condition 15.12 shall be subject to Condition 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*).

#### **15.13 No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 15.1 (*Final Redemption*) to 15.11 (*Redemption at the Option of Noteholders*).

#### 15.14 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 15.11 (*Redemption at the Option of Noteholders*) or, if none is so specified, a Day Count Fraction of 30E/360.

#### 15.15 Purchases

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

- (i) 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 15.8 (*Redemption of Subordinated Notes and Additional Tier 1 Notes*); and
- (ii) 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 15.9 (*Redemption of Senior Notes and Senior Non-Preferred Notes*).

#### 15.16 Cancellations

All Notes which are redeemed 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.

### 16. TAXATION

#### 16.1 Payment without Withholding

All payments of principal (if applicable) and interest in respect of the Notes 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 after such withholding or deduction shall be equal to the amounts of principal, in the case of Senior Notes that are not eligible at the relevant Issue Date to meet the Issuer's MREL Requirements only, and interest, in the case of any Notes, which would have been received in respect of the Notes in the absence of such withholding or deduction; except that no additional amounts shall be payable in respect of any Note:

- (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 by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of the Note; or
- (ii) presented for payment in the Relevant Jurisdiction; or
- (iii) presented for payment by or on behalf of a holder of Notes 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 would have been entitled to such additional amounts on presenting such payment Note 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.

## 16.2 Additional Amounts

Any reference in these Conditions to any amounts of principal and interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under Condition 16 (*Taxation*).

## 17. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 14 (*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 14 (*Payments*).

## 18. EVENTS OF DEFAULT

With respect to any 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,

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 Paying 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 shall occur other than in the circumstances under paragraphs (i) and (ii) above (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 any purpose).

## 19. NOTICES

For so long as the Notes are held through Monte Titoli, all notices regarding the Notes will be deemed to be validly given if published through the systems of Monte Titoli and (so long as the Notes are listed on a securities market of the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations or the rules of the Luxembourg Stock Exchange) a leading newspaper having general circulation in Luxembourg or on the Luxembourg Stock Exchange's website ([www.luxse.com](http://www.luxse.com)) 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.

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

### **20.1 Meetings of Noteholders**

The Provisions for Meetings of Noteholders contain 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, 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.

### **20.2 Modification**

The Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the Issuer may not effect, without the consent of the Noteholders, any 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 Paying Agent (if required) pursuant to Condition 9.10 (*Benchmark Replacement*).

## **21. 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.

## **22. FURTHER ISSUES**

The Issuer may from time to time without the requirement to give notice to, or seek the consent of, the Noteholders 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.

## **23. CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes 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, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Paying 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.

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

### **24.1 Governing Law**

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

### **24.2 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 and accordingly any legal action or proceedings arising out of or in connection with the Notes may be brought in such courts.

## **25. 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); and

**"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.

## ANNEX 1 TO THE TERMS AND CONDITIONS FOR THE DEMATERIALIZED NOTES

### PROVISIONS FOR MEETINGS OF NOTEHOLDERS

The following provisions (the "**Provisions for Meetings of Noteholders**") will apply to the meetings of the holders of the Dematerialised Notes and will remain in full force and effect until full repayment or cancellation of the Dematerialised Notes to which the Provisions apply.

The contents of these Provisions for Meetings of Noteholders are subject to any mandatory provisions of Italian law (including, without limitation, those set out in the Financial Services Act) and the Issuer's By-Laws in force from time to time.

Unless otherwise provided in these Provisions for Meetings of Noteholders, any capitalised term shall have the meaning attributed to it in the Terms and Conditions for the Dematerialised Notes.

In these Provisions for Meetings of Noteholders, the terms below shall have the following meaning:

**"Block Voting Instruction"** means, in relation to any Meeting, a document requested by any Noteholder and issued by the relevant Monte Titoli Account Holder in accordance with applicable laws and regulations, delivered to the Paying Agent:

- (a) certifying that certain specified Notes (the "**Blocked Note**") are blocked in an account with the relevant Monte Titoli Account Holder and will not be released and will not be released until the earlier of:
  - (i) the conclusion of the Meeting; and
  - (ii) the surrender to such Paying Agent, not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption) of the receipt for the blocked Notes by the Paying Agent to the Issuer;
- (b) certifying that the holder of each Blocked Note has instructed that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (d) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions;

**"Chairman"** means, in relation to any Meeting, the individual who takes the chair in accordance with paragraph 6 (*Chairman*);

**"Extraordinary Resolution"** means a resolution passed at a Meeting duly convened and held in accordance with these Provisions for Meetings of Noteholders by a majority of not less than two thirds of the votes cast;

**"Meeting"** means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

**"Proxy"** means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction other than:

- (a) any such person whose appointment has been revoked and in relation to whom the Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such Meeting; and
- (b) any such person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the Meeting when it is resumed;

**"Relevant Fraction"** means:

- (a) for all business other than voting on an Extraordinary Resolution, one tenth of the aggregate principal amount of the Notes then outstanding;
- (b) for voting on any Extraordinary Resolution other than one relating to a Reserved Matter, a clear majority of the aggregate principal amount of the Notes then outstanding; and
- (c) for voting on any Extraordinary Resolution relating to a Reserved Matter, three-fourths of the aggregate principal amount of the Notes then outstanding;

**provided, however, that**, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (i) for all business other than voting on an Extraordinary Resolution relating to a Reserved Matter, the fraction of the aggregate principal amount of the outstanding Notes represented or held by the Voters actually present at the Meeting; and
- (ii) for voting on any Extraordinary Resolution relating to a Reserved Matter, one third of the aggregate principal amount of the Notes then outstanding;

**"Reserved Matter"** means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce or cancel the amount of principal or interest payable on any date in respect of the Notes, to reduce the rate or rates of interest in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;
- (b) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;
- (e) to make any alteration or modification to Conditions 2 (*Status of Senior Notes*), 2.A (*Status of Senior Non-Preferred Notes*) and 3 (*Status of Subordinated Notes*), 12 (*Taxation*) or 15 (*Events of Default*) other than those of a formal, minor or technical nature; or
- (f) to amend this definition;

**"Voter"** means, in relation to any Meeting, the bearer of a Voting Certificate or a Proxy;

**"Voting Certificate"** means, in relation to any Meeting, a certificate issued by the relevant Monte Titoli Account Holder in accordance with applicable laws and regulations, in which it is stated:

- (a) that the Blocked Notes have been blocked in an account with the relevant Monte Titoli Account Holder and will not be released until the earlier of:
  - (i) the conclusion of the Meeting; and
  - (ii) the surrender of such certificate to the relevant Monte Titoli Account Holder and the notification of release thereof to the Issuer; and
- (b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes;

**"Written Resolution"** means a resolution in writing signed by or on behalf of:

- (a) all holders of Notes who for the time being are entitled to receive notice of a Meeting; or
- (b) if all such holders have been given at least 21 days' notice of such resolution, persons holding two thirds of the aggregate principal amount of the outstanding Notes,

in each case, in accordance with the provisions of these Provisions for Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes;

**"24 hours"** means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the relevant Meeting is to be held and in each of the places where the Paying Agent has its Specified Offices (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

**"48 hours"** means 2 consecutive periods of 24 hours.

#### 1. **Issue of Voting Certificates and Block Voting Instructions**

The holder of a Note may obtain a Voting Certificate from the relevant Monte Titoli Account Holder or require the relevant Monte Titoli Account Holder to issue a Block Voting Instruction in respect of such Note, in each case not later than 48 hours before the time fixed for the relevant Meeting. A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

#### 2. **References to deposit/release of notes**

References to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of the relevant clearing system.

#### 3. **Validity of Block Voting Instructions**

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Paying Agent, or at some other place as may be advised by the Paying Agent, at least 24 hours before the time fixed for the relevant Meeting or the Chairman decides otherwise before the Meeting proceeds to business. If the Issuer requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Paying Agent shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

#### 4. **Convening of Meeting**

The Issuer may convene a Meeting at any time and shall be obliged to do so upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes.

#### 5. **Notice**

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting shall be given by the Issuer to the Noteholders and the Paying Agent. The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes may be blocked with the relevant Monte Titoli Account Holder for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

#### 6. **Chairman**

An individual (who may, but need not, be a Noteholder) nominated in writing by the Issuer may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present

within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was the Chairman of the original Meeting.

7. **Quorum**

The quorum at any Meeting shall be one or more Voters representing or holding not less than the Relevant Fraction of the aggregate principal amount of the outstanding Notes.

8. **Adjournment for want of quorum**

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

- (a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and
- (b) in the case of any other Meeting, it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairman determines, **provided, however, that:**
  - (i) the Meeting shall be dissolved if the Issuer so decides; and
  - (ii) no Meeting may be adjourned more than once for want of a quorum.

9. **Adjourned Meeting**

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

10. **Notice following adjournment**

Paragraph 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum save that:

- (a) 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

11. **Participation**

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) representatives of the Issuer and the Paying Agent;
- (c) the financial advisers of the Issuer;
- (d) the legal counsel to the Issuer and the Paying Agent; and
- (e) any other person approved by the Meeting.

12. **Show of hands**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution. Where there is only one Voter, this paragraph shall not apply and the resolution will immediately be decided by means of a poll.

13. **Poll**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer or one or more Voters representing or holding not less than one fiftieth of the aggregate principal amount of the outstanding Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business as the Chairman directs.

14. **Votes**

Every Voter shall have:

- (a) on a show of hands, one vote; and
- (b) on a poll, the number of votes obtained by dividing the aggregate principal amount of the outstanding Note(s) represented or held by him by the unit of currency in which the Notes are denominated.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same way.

15. **Validity of votes by Proxies**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, **provided that** the Agent has not been notified in writing of such amendment or revocation by the time which is 48 hours before the time fixed for the relevant Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment, **provided, however, that**, unless the Block Voting Instructions specify otherwise, no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed and any person appointed to vote at such a Meeting must be re-appointed under a further Block Voting Instruction to vote at the Meeting when it is resumed.

16. **Powers**

A Meeting shall have power (exercisable by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other person:

- (a) to approve any Reserved Matter;
- (b) to approve any proposal by the Issuer for any modification, alteration, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;

- (d) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute an event of default under the Notes;
- (e) to authorise the Paying Agent or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (f) to give any other authorisation or approval which is required to be given by Extraordinary Resolution; and
- (g) to appoint any persons (whether Noteholders or not) as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

**17. Extraordinary Resolution binds all holders**

An Extraordinary Resolution shall be binding upon all Noteholders whether or not present at such Meeting and each of the Noteholders shall be bound to give effect to it accordingly. Notice of the result of every vote on an Extraordinary Resolution shall be given to the Noteholders and the Paying Agent (with a copy to the Issuer) within 14 days of the conclusion of the Meeting.

**18. Minutes**

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

**19. Written Resolution**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

**20. General**

If and whenever the Issuer shall have issued and have outstanding Notes of more than one Series these Provisions for Meetings of Noteholders shall have effect subject to the following modifications:

- (1) a resolution which affects the Notes of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Series;
- (2) a resolution which affects the Notes of more than one Series but does not give rise to a conflict of interest between the holders of Notes of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the Series so affected;
- (3) a resolution which affects the Notes of more than one Series and gives or may give rise to a conflict of interest between the holders of the Notes of one Series or group of Series so affected and the holders of the Notes of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Notes of each Series or group of Series so affected; and
- (4) to all such meetings all the preceding provisions of this Annex shall *mutatis mutandis* apply as though references therein to Notes and Noteholders were references to the Notes of the Series or group of Series in question or to the holders of such Notes, as the case may be.

If the Issuer shall have issued and have outstanding Notes which are not denominated in Euro or in the case of any meeting of holders of Notes of more than one currency the principal amount of such Notes shall (i) for the purposes of Paragraph 4 above be the equivalent in pounds sterling at the spot rate of a bank nominated by the Agent for the conversion of the relevant currency or currencies into Euro on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer and (ii) for the purposes of Paragraphs 6, 7 and 14 above (whether in respect of the meeting or any adjourned



such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting. In such circumstances, on any poll each person present shall have one vote for each Euro 1 in principal amount of the Notes (converted as above) which he holds or represents.

## **OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN PHYSICAL FORM WHEN IN GLOBAL FORM**

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions for the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the holder of a particular principal amount of Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### **Exchange of Temporary Global Notes**

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (i) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (ii) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions for the English Law Notes in Physical Form or the Terms and Conditions for the Italian Law Notes in Physical Form, as applicable, or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then (i) in case of English Law Notes in Physical Form, the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 19 July 2023 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and (ii) in case of Italian Law Notes in Physical Form, from 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above), the bearer of the Temporary Global Note will have no further rights thereunder and each Accountholder will be entitled to proceed directly against the Issuer in respect of the Notes represented by that Temporary Global Note.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

### **Exchange of Permanent Global Notes**

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (ii) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions for the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then (i) in case of English Law Notes in Physical Form, the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and (ii) in case of Italian Law Notes in Physical Form, from 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above), the bearer of the Permanent Global Note will have no further rights thereunder and each Accountholder will be entitled to proceed directly against the Issuer in respect of the Notes represented by that Permanent Global Note.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

## Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions for the English Law Notes in Physical Form and the Terms and Conditions for the Italian Law Notes in Physical Form as they apply to the Global Note. The following is a summary of certain of those provisions:

### *Payments*

All payments in respect of the Global Note will be made through Euroclear and Clearstream, Luxembourg against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that, in respect of a CGN, the payment is noted on a schedule thereto and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

### *Payments on Business Days*

Notwithstanding the definition of "Payment Business Day" in Condition 4 (*Definitions*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 5 (*Definitions*) of the Terms and Conditions for the Italian Law Notes in Physical Form, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Payment Business Day**" means:

- (a) if the currency of payment is Euro, any day which is 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
- (b) if the currency of payment is not Euro, any day which is 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.

### *Notices*

Notwithstanding Condition 16 (*Notices*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 20 (*Notices*) of the Terms and Conditions for the Italian Law Notes in Physical Form, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 16 (*Notices*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 20 (*Notices*) of the Terms and Conditions for the Italian Law Notes in Physical Form, *provided, however, that* so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, such notices will also be published in a leading newspaper having general circulation in Luxembourg or be published on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)). Any notice delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

### *Exercise of Put Option*

In order to exercise the option contained in Condition 11.9 (*Redemption at the Option of Noteholders*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 15.11 (*Redemption at the Option of Noteholders*) of the Terms and Conditions for the Italian Law Notes in Physical Form, the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice (which, for the avoidance of doubt, may be sent in electronic form) of such exercise to the Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn. The exercise of the put option shall be effected via Euroclear and Clearstream, Luxembourg.

### *Partial exercise of Call Option*

In connection with an exercise of the option contained in Condition 11.4 (*Redemption at the Option of the Issuer*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 15.5 (*Redemption at the Option of the Issuer*) of the Terms and Conditions for the Italian Law Notes in Physical Form in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg, at their discretion, as either a pool factor or a reduction in principal amount).

### *Purchase and Cancellation*

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

### *Prescription*

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4 (*Definitions*) of the Terms and Conditions for the English Law Notes in Physical Form and Condition 5 (*Definitions*) of the Terms and Conditions for the Italian Law Notes in Physical Form).

## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the Group. If, in respect of any particular issue, a particular use of proceeds is identified, this will be specified in the applicable Final Terms.

## SELECTED FINANCIAL INFORMATION

The following tables contain consolidated statement of financial position and income statement information of the Issuer as of and for the years ended 31 December 2022 and 31 December 2021, derived from the Issuer's audited consolidated annual financial statements as of and for the year ended 31 December 2022.

This information should be read in conjunction with, and is qualified in its entirety by, reference to the Issuer's audited consolidated annual financial statements as of and for the years ended 31 December 2022 and 31 December 2021 in each case together with the accompanying notes and the independent auditors' reports (as appropriate), all of which are incorporated by reference in this Base Prospectus, as well as the information included in "*Presentation of Financial Information*". See "*Information Incorporated by Reference*".

Copies of the above-mentioned consolidated financial statements of the Issuer are available as described in "*Information Incorporated by Reference*".

**BANCA IFIS S.p.A.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>Assets</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>(in thousands of Euro)</b>		
Cash and cash equivalents	603,134	355,381
Financial assets at fair value through profit or loss	222,088	153,138
a) financial assets held for trading	26,868	8,478
c) other financial assets mandatorily measured at fair value	195,220	144,660
Financial assets measured at fair value through other comprehensive income	697,611	614,013
Financial assets measured at amortised cost	10,752,694	10,856,795
a) receivables due from banks	565,762	524,991
b) receivables due from customers	10,186,932	10,331,804
Property, plant and equipment	126,341	120,256
Intangible assets	64,264	61,607
of which:		
- <i>goodwill</i>	38,020	38,794
Tax assets:	325,181	329,674
a) current	60,924	45,548
b) deferred	264,257	284,126
Other assets	471,064	487,027
<b>Total assets</b>	<b>13,262,377</b>	<b>12,977,891</b>

<b>Liabilities and equity</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>(in thousands of Euro)</b>		
Financial liabilities measured at amortised cost	11,130,698	10,786,588
a) payables due to banks	3,422,160	2,597,965
b) payables due to customers	5,103,343	5,683,745
c) debt securities issued	2,605,195	2,504,878
Financial liabilities held for trading	25,982	5,992
Tax liabilities:	52,298	49,154
a) current	21,961	16,699
b) deferred	30,337	32,455
Other liabilities	391,697	436,107
Post-employment benefits	7,696	9,337
Provisions for risks and charges	56,225	66,825
a) commitments and guarantees granted	9,364	11,938
c) other provisions for risks and charges	46,861	54,887
Valuation reserves	(59,722)	(25,435)
Reserves	1,440,944	1,367,019
Share premiums	83,767	102,972
Share capital	53,811	53,811
Interim dividends(-)	(52,433)	-
Treasury shares (-)	(22,104)	(2,847)
Equity attributable to non-controlling interests (+ / -)	12,432	27,786
Profit (loss) for the year (+/-)	141,086	100,582
<b>Total liabilities and equity</b>	<b>13,262,377</b>	<b>12,977,891</b>



**BANCA IFIS S.p.A.**

**CONSOLIDATED INCOME STATEMENT**

(in thousands of Euro)	Year ended 31 December 2022	Year ended 31 December 2021
Interest receivable and similar income	529,098	479,620
<i>of which: interest income calculated using the effective interest method</i>	524,193	463,546
Interest due and similar expenses	(114,233)	(114,146)
<b>Net interest income</b>	<b>414,865</b>	<b>365,474</b>
Commission income	106,494	98,555
Commission expense	(12,981)	(15,273)
<b>Net commission income</b>	<b>93,513</b>	<b>83,282</b>
Dividends and similar income	9,851	7,498
Net profit (loss) from trading	627	(1,221)
Profit (loss) on sale or buyback of:	15,188	13,942
a) financial assets measured at amortised cost	15,245	9,096
b) financial assets at fair value through other comprehensive income	(88)	4,938
c) financial liabilities	31	(92)
Net result of other financial assets and liabilities at fair value through profit or loss	12,705	11,047
b) other financial assets mandatorily measured at fair value	12,705	11,047
<b>Net banking income</b>	<b>546,749</b>	<b>480,022</b>
Net credit risk losses/reversals on:	54,300	45,338
a) financial assets measured at amortised cost	55,132	45,370
b) financial assets at fair value through other comprehensive income	(832)	(32)
<b>Net profit (loss) from financial activities</b>	<b>601,049</b>	<b>525,360</b>
Administrative expenses:	(393,255)	(373,606)
a) personnel expenses	(150,834)	(141,781)
b) other administrative expenses	(242,421)	(231,825)
Net allocations to provisions for risks and charges	1,583	(10,669)
a) commitments and guarantees granted	940	(2,633)
b) other net allocations	643	(8,036)
Net impairment losses/reversals on property, plant and equipment	(9,495)	(10,288)
Net impairment losses/reversals on intangible assets	(7,420)	(8,445)
Other operating income/expenses	19,792	27,522
<b>Operating costs</b>	<b>(388,795)</b>	<b>(375,486)</b>
Value adjustments of goodwill	(762)	-
Gains (Losses) on disposal of investments	304	-
<b>Pre-tax profit (loss) from continuing operations</b>	<b>211,796</b>	<b>149,874</b>
Income taxes for the year relating to current operations	(69,909)	(47,571)
<b>Profit (Loss) for the year</b>	<b>141,887</b>	<b>102,303</b>
Profit (Loss) for the year attributable to non-controlling interests	(801)	(1,721)
<b>Profit (loss) for the year attributable to the Parent company</b>	<b>141,086</b>	<b>100,582</b>

## DESCRIPTION OF THE ISSUER

### Overview

Banca Ifis S.p.A. ("**Banca Ifis**", the "**Issuer**", the "**Company**" or the "**Bank**") is an independent bank incorporated on 5 August 1983 as a company limited by shares (*società per azioni*) in Italy in accordance with the provisions of the Italian Civil Code, with a duration until 31 December 2050 and is listed on the STAR segment of the *Mercato Telematico Azionario* organised and managed by Borsa Italiana S.p.A. (ticker symbol IF:IM), with a market capitalisation of approximately €788.87 million as of 30 June 2023.

The group comprising Banca Ifis and its consolidated subsidiaries (the "**Group**") operates mainly in Italy, but also in Poland and Romania, in various specialty banking sectors: private corporate and public administration receivable factoring, purchase and collection of tax receivables, medium-long term financing and structured finance for companies, operating and financial leases, salary- and pension-backed loans and non-performing loan ("**NPL**") management.

Banca Ifis' operating segments used to fully implement the Group's business model and to analyse the Group's results are as follows:

- the so-called "Commercial & Corporate Banking Segment" representing the commercial offer of the Group dedicated to companies and also dedicated to providing salary-backed loans through the assignment of one-fifth of salaries or pensions, consisting of the "Business Factoring", "Leasing" and "Corporate Banking & Lending" areas (the "**Commercial & Corporate Banking Segment**");
- the so-called "NPL Segment" dedicated to non-recourse acquisition and managing distressed loans, servicing and managing non-performing, secured loans (the "**NPL Segment**"); and
- the so-called "Governance & Services and Non-Core Segment" providing the other Bank's segments operating in the Group's core businesses with the financial resources and services necessary to perform their respective activities and including treasury and proprietary securities desk activities, as well as some corporate loans portfolio assigned for run-off insofar as held to be non-strategic to the Group's growth (the "**Governance & Services and Non-Core Segment**").

The Group has adopted simple and highly centralised organisational models, allowing it to run individual businesses through local networks and channels (e.g., agents, call centres and external collection servicers), rather than conventional branches. The Group bases its strategy and related implementing actions on three main pillars which have historically driven its activity: risk-adjusted profitability, liquidity management and capital preservation.

For an overview of the business segments as well as the Group's consolidated net banking income and net profit (loss) from financial activities for the Group's core business segments, refer to "*Description of the Issuer—Business Segments: financial data and overview*".

The Issuer has its registered office at Via Terraglio, 63, Mestre – Venice, Italy (telephone number +39 041 5027511) and is registered with the Companies' Register of Venice under registration number and fiscal code 02505630109. The Issuer is registered with the National Register of Banks under registration number 5508 and is the parent company of the Group. The Group is registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Legislative Decree No. 385 of 1 September 1993 as amended (the "**Italian Banking Act**") under number 5508. The Bank's website is [www.bancaifis.it](http://www.bancaifis.it).

On 28 April 2023, Fitch Rating Inc. confirmed its Long-term Issuer Default Rating (IDR) of BB+, outlook stable. On 9 February 2022, Moody's assigned a Long-term Issuer and Senior unsecured Debt Rating of Baa3, outlook stable.

The fully subscribed and paid-up capital of the Issuer as of 31 December 2022 amounts to €53,811,095. Since 31 December 2022 there has been no change to the Issuer's share capital.

### History and Development

Banca Ifis was established in Genoa on 5 August 1983 by Sebastien Egon Fürstenberg, the current Chairman of the Issuer's Board of Directors. Since 1999 it has grown in Italy and in 2006 it entered the Polish market, opening several new branches. In 2002, the Issuer was transformed into a bank after obtaining from the Bank of Italy a licence to carry on banking activities and it became a member of Factors Chain International, a global organisation of independent factoring companies.

In 2004, Banca Ifis was admitted to the STAR segment of the *Mercato Telematico Azionario* organised and managed by Borsa Italiana S.p.A. (the Italian Stock Exchange). In July 2006, the Group entered into the Polish market through the acquisition of Fidis Faktoring Polska, a Polish operator providing factoring services to Fiat Group's production factories in Poland.

In 2008, Banca Ifis started its drive to diversify its funding sources, including through "*Rendimax*", its online deposit account, which was followed in 2013 by the introduction of the free on-line retail bank account "*Contomax*". Since 2009, Banca Ifis has been evolving from being a bank specialised in factoring to a relationship-based bank, focusing on offering financial support and responding to the service needs of small and medium-sized enterprises ("SMEs") through direct relationships and turnkey offerings to entrepreneurs.

In July 2010, a fully subscribed capital increase of €50 million was carried out in order to support the Group's increased lending volumes and the development of its activities as well as to strengthen its Core Tier 1 ratio in response to stricter capital adequacy rules established by the Bank of Italy, as supervising authority.

With the aim of implementing its strategy to expand the breadth of its product offerings, in May 2011, Banca Ifis acquired control of Toscana Finanza, a company operating in the acquisition and management of non-performing loans and trade and tax receivables, through a voluntary tender offer and at the end of 2011 Toscana Finanza was merged into the Issuer. As a result of the acquisition of Toscana Finanza, the Group entered the management and collection of non-performing loans, a business sector considered particularly important given both the significant amount of trade receivables potentially purchasable and current economic trends.

On 30 November 2016, Banca Ifis acquired the control of Interbanca S.p.A. and its subsidiaries (together, the "**Interbanca Group**"), allowing the Group to expand into certain business areas of lending, specialty finance and leasing (the "**Acquisition**").

After the successful integration of the Interbanca Group, which was made again profitable six months after the Acquisition, completed with the merger by incorporation of, respectively, **Interbanca S.p.A.** (October 2017) and **Ifis Leasing S.p.A.** (May 2018), in 2018 the Banca Ifis Group finalised both the acquisition of, respectively, **Cap.Ital.Fin. S.p.A.**, specialised company in salary- or pension-backed loans, on 2 February 2018, and 70% interest of **Credifarma S.p.A.**, a company specialised in finance to Italian pharmacies, on 2 July 2018.

In July 2018, Banca Ifis also completed the spin-off of its NPL Area into **Ifis Npl S.p.A.**, a company wholly owned by Banca Ifis and therefore included in the Group's scope that gathers all activities regarding the purchase, the management and the disposal of positions, within the limits of Banca Ifis' business model, of non-performing loans.

On 7 January 2019, the Group completed the acquisition of control of the FBS Group (including FBS S.p.A. and FBS Real Estate S.p.A.), giving rise to the first integrated platform for investment and asset management services in the Italian NPL market and on 30 October 2019 completed the acquisition of the remaining 10% interest held by minority shareholders and became the sole shareholder of FBS S.p.A. (now Ifis Npl Servicing S.p.A.).

On 1 June 2020, Banca Ifis announced that it acquired 70.77% of the share capital of **Farbanca S.p.A.**, previously owned by Banca Popolare di Vicenza in compulsory administrative liquidation. The remaining 29.23% of the share capital is held by 450 small shareholders, mainly pharmacists. With the integration of the complementary assets and the positioning of Credifarma S.p.A. and Farbanca S.p.A., Banca Ifis became a leading operator in the sector of financing for pharmacies at the European level.

In July 2020, Banca Ifis entered the German savings market with the launch of a partnership with the German fintech **Raisin Bank AG**, allowing customers on Raisin Bank AG's German platform *WeltSparen* to choose Banca Ifis' deposit products. As a consequence of such partnership, Banca Ifis will expand the customer base of savers, further strengthening its liquidity ratios using leading infrastructure in European banking, as well as expanding its funding to include foreign markets with the new channels created by Raisin Bank AG.

On 23 May 2021, Banca Ifis purchased, for a symbolic purchase price equal to 1 Euro, an operative business unit from Aigis Banca S.p.A. ("**Aigis Banca**"), in the context of an intervention aimed at guaranteeing the depositors of Aigis Banca, placed in receivership by the Ministry for the Economy and Finance as a consequence of its exposure towards Greensill Bank AG, insolvent since March 2021. The scope of the acquisition mainly comprised medium/long-term loans to SMEs, factoring agreements, government securities, deposits (including those of retail customers) and Aigis Banca's staff. On the other hand, have been excluded from the scope of the acquisition the securities related to Greensill Bank AG, the subordinate bond loan issued by Aigis Banca and some other agreements considered not functional to the transaction. The purchased assets amount to approximately 5% of the Group's total asset as of 31 December 2020.

On 18 June 2021, La Scogliera S.p.A., the majority shareholding in the Issuer, representing 50.5 per cent. of its share capital, notified the Issuer that its shareholders' meeting approved the transfer of the holding company's office to the canton of Vaud (Lausanne). On 27 December 2021 the transfer of the registered office of the parent company La Scogliera S.p.A. to Switzerland was acknowledged, thus leading to the deconsolidation for regulatory purposes of the parent company.

On 11 April 2022, the merger by incorporation of Credifarma S.p.A. into Farbanca S.p.A., approved by the Bank of Italy on 21 February 2022, has been completed and resulted into Banca Credifarma S.p.A., the first leading, specialised entity providing financial services to pharmacies.

Banca Ifis promotes a culture of business sustainability amongst SMEs, with dedicated periodic research and analyses. In fact, with Kaleidos Impact Watch, a half-year observatory with a focus on the corporate sector, Banca Ifis has created an ad hoc index to measure the intensity of SMEs' investment in sustainability. On September 2022 Banca Ifis announced its 2030 emission reduction targets for the Net – Zero Banking Alliance (NZBA), the initiative promoted by the United Nations to accelerate the sustainable transition of the international banking sector.

### **Key Competitive Strengths**

The Issuer believes that its competitive strengths lie in the following key factors.

#### ***Independent leader in the Italian market for trade receivables***

The Group is the leading independent player in the Italian trade receivables market<sup>6</sup> and a leading independent provider of finance to Italian SMEs, with core activities in receivable financing, leasing and corporate lending.

As for support to businesses, the Group responds to customer needs with a diversified and structured Commercial and Corporate Banking offering, which encompasses factoring, financial leasing, operating leasing, advisory services for corporate acquisitions, M&A, equity investments and secured or unsecured medium and long-term loans, intended for industrial investments; we also specialise in the management and purchase of tax receivables, through the business unit Fastfinance.

With trade receivables financing, the Group finances mainly small or micro companies encountering difficulties in obtaining funding from the traditional banking system. In Italy, large banking groups usually offer factoring services to their large customers to help them manage their smaller customers. This translates into a much more concentrated number of counterparties for the factoring units of such banking groups, whereas credit management service is very important *vis-à-vis* the credit and financial component. Consequently, the Issuer believes that the marginality of large banking groups in the trade receivable factoring business tends to be lower than Banca Ifis' marginality, which is accustomed to dealing with a much higher number of corporate clients, providing them with liquidity and offering them services with a higher credit/financial component.

The Group is also among the main players in financing receivables due from public administration entities (especially in the pharma business through Banca Credifarma S.p.A.) and tax receivables (arising mainly from insolvency proceedings).

#### ***The Group is one of the leaders in the NPL market***

The Issuer operates in the NPL market since 2011 and is a leading Italian investor in the unsecured consumer and retail non-performing loans market with €25.4 billion<sup>7</sup> managed assets and is the sixth player in Italy in terms of assets under management, of which €23.1 billion of proprietary portfolio as of 31 December 2022.

The Issuer operates as a primary investor and owns one of the best active servicers nationwide, with proprietary and third-party debt collection management platforms. The Issuer's main competitive advantage arises from the combination of purchasing capacity and NPL portfolio management, with a proprietary database of over 1.5 million of debtors. Since 2018, Banca Ifis has purchased over €16 billion of non-performing loans by nominal amount<sup>8</sup>. Leveraging on its integrated collection platform (call centres, exclusive agents, external collection servicers, a legal centre), the Group can assess and determine the collection times of purchased receivables, be a

<sup>6</sup> Source: Assifact data at March 2023. Banca Ifis is 5th in turnover ranking, 4th in outstanding ranking.

<sup>7</sup> Source: Banca Ifis management accounting data.

<sup>8</sup> Source: Banca Ifis management accounting data.

competitive bidder and, as a result, achieve significant collection rates, while keeping a fair approach in the debt recovery.

### ***Consistent and solid growth***

The Group's activity has grown consistently over recent years: net loans to customers have grown from €7,314.0 million at the end of 2018 to, respectively, €7,651.2 million at the end of 2019, €9,135.4 million at the end of 2020, €10,331.8 million at the end of 2021 and €10,186.9 million at the end of 2022.

Net banking income increased from €576.5 million in 2018 to €558.3 million at the end of 2019 and then decreasing to €467.8 million due to Covid-19 impact to as of 31 December 2020 and then increased to €599.9 million as at 31 December 2021. As of 31 December 2022, net banking income<sup>9</sup> increased and was equal to €680.5 million, up 13.4 per cent. compared to 2021.

### ***Excellent asset quality underpinned by conservative provisioning***

In the private corporate business (business-to-business) the Group is typically involved in acquiring receivables with recourse to the assignor.

Customers of the Group's SME clients tend to be large companies with good credit standing. The Issuer believes that the low levels of delinquencies experienced by the Group are connected mainly to the quality of lessees, but also to the thorough credit process requiring analyses of the credit of the customer as assignor and of the legal nature and terms and conditions of the receivables.

The coverage ratio on gross bad loans was equal to 73.2 per cent. as of 31 December 2021 and 72.0 per cent. as of 31 December 2022 in the Commercial & Corporate Banking Segment and in particular 77.9 per cent., 32.8 per cent. and 94.6 per cent., respectively, for the business areas of "Business Factoring", "Corporate Banking & Lending" and "Leasing" as of 31 December 2022 (respectively 75.2 per cent., 34.6 per cent. and 96.5 per cent., as of 31 December 2021).

### ***High profitability***

The Group's return on equity was 8.8 per cent. in 2022 (6.5 per cent. as of December 2021) and the Cost/Income ratio of the Group was approximately 57.4 per cent. as of 31 December 2022 (60.8 per cent. as of 31 December 2021).

### ***Strong capital position***

The Group's capital ratios are significantly higher than the minimum levels required under European Union and Italian laws and regulations: as of December 2022 Tier 1 capital ratio and Total Own Funds Capital ratio respectively of 15.01 per cent. and 18.82 per cent (15.44 per cent. and 19.63 per cent. as of 31 December 2021). As at the date of this Base Prospectus, the Group's capital ratios allow it to comply also with the new requirements imposed by the Bank of Italy (SREP), notified as of 23 May 2022 received at the conclusion of the prudential review and evaluation process performed on the Group. The capital requirements identified as of December 2022, including the Target of Pillar 2 Guidance of 0.75 per cent are as follows:

- Common Equity Tier 1 ratio of 8.65 per cent.;
- Tier 1 capital ratio of 10.50 per cent.; and
- Total Capital ratio of 12.90 per cent..

### **Business Strategy**

The main goal of Banca Ifis is to increase the Issuer's sustainable profit in order to further improve financial solidity, fund growth in business and provide shareholders with attractive returns by distributing dividends.

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<sup>9</sup> Net value adjustments on receivables of the NPL segment were reclassified to Interest receivable and similar income to present more fairly this particular business, for which net value adjustments represent an integral part of the return on the investment.

Banca Ifis has defined a strategy for the next three years based on four pillars: digitisation, openness to business partnerships, efficiency and sustainability.

*An increasingly Digital bank.* The Issuer has invested in developing a proprietary IT architecture that can support transformation at low cost, providing modularity and flexibility and rapid time-to-market. Over the next three years, the Issuer plans to invest in a dedicated team for the bank's digital transformation. In the Corporate and Commercial Banking segment, these investments will lead, by 2024, to a significant increase of customer acquisition through digital channels (over 40% compared to 25% currently), to having over 90% of disbursements completed in less than 3 days, and to a reduction in average response time: within 24 hours compared to around 12 days currently, offering a full digital relationship with the customer. In the Npl Sector, a multi-channel contact strategy, the use of robotics and modern analytics tools will be implemented to speed up collection processes with the aim of reducing by 30% the onboarding time of newly acquired NPL portfolios and manage more than 20 per cent of volumes digitally and centrally.

*Openness to strategic business partnerships to seize new opportunities.* The Issuer aims to open up to new strategic partnerships with specialist partners to reduce complexity and keep fixed costs down. In 2022, the Issuer entered into agreements with Banca Generali to distribute the Issuer's portfolio banking products such as SME loans. Over the next three-year period, the aim is to expand existing agreements towards new solutions and other customer segments (e.g., digital leasing and private hire) while launching new partnerships with industrial and banking partners. On the NPL front, the strategy aims to lead to the evaluation of forward flow agreements to improve the stability of NPL purchases, the sharing of the investment with co-investors to mitigate the impact of calendar provisioning, but also partnerships with servicers specialised in "non-core segments" (e.g., big ticket) to optimise collection and keep fixed costs down. The impact of calendar provisioning will be managed through co-investment with players who have common objectives with those of Banca Ifis and the implementation of efficient collection strategies.

*Cost Effective without compromising investment.* Rigorous cost management will aim to offset a substantial proportion of investments that serve digital transformation. The main investments will be in digitisation, the Bank-as-a-platform efficiency and process automation in both the Commercial & Corporate Banking and NPL segments. Administrative expenses will be optimised through a new centralised procurement function, the renegotiation of contracts, the synergies between newly acquired companies (Farbanca, former Aigis Banca), greater effectiveness in the collection of NPLs through low-cost channels as well as more selective legal actions. Digitising, automating and redesigning processes aim to enable investment in training and upskilling employees to take on higher value-added activities. A hiring plan for 200 resources of which 150 young people is planned over the three-year period.

*Sustainability.* The Social Impact Lab has been established generating a positive tangible impact on all stakeholders is one of the objectives of the sustainability plan, consistent with the 17 United Nations Sustainable Development Goals and fully integrated with the business plan. Numerous initiatives have already been launched in the ESG area.

- *Environment:* by joining the Net-Zero Banking Alliance, the United Nations initiative aimed at accelerating the sustainable transition of the banking sector, Banca Ifis has committed to achieving zero net emissions from its loan portfolio by 2050, and to set interim targets on priority, emissions-intensive sectors by 2030. In order to support the energy transition of small and medium-sized enterprises, the Issuer has launched the "Change PMI" project, which provides for the offer of dedicated products and services, such as subsidised loans and scoring services on the ESG performance of customers.
- *Social:* Banca Ifis has established a Social Impact Lab focused on three areas - culture, community and health - to develop and promote projects that have a social impact both within and outside the company. In the NPL segment, the Issuer will further strengthen its ethical and sustainable collection model to facilitate the financial re-inclusion of individuals and families.
- *Governance:* a Sustainability Committee has been created, chaired by Bank's Vice Chairman Ernesto Fürstenberg Fassio, to support strategic direction and define the most relevant projects, ensuring the monitoring of achievement of results. Banca Ifis has also obtained an "A" rating from the company MSCI and is now pursuing the objective of improving its positioning.
- *People:* Banca Ifis boasts a dynamic, young and qualified team of people: the average age is under 40 and 54 per cent. of employees are women. The Issuer is characterised by a leadership team composition, in terms of gender parity, that is a record in the banking sector.

## Shareholders and Share Capital

### Share capital

As of 31 December 2022, the Issuer had a share capital of €53,811,095, fully paid up, represented by 53,811,095 shares with a par value of €1.00 each. Since 31 December 2022, there has been no change to the Issuer's share capital. Ernesto Furstenberg Fassio holds through La Scogliera S.p.A. a majority shareholding in the Issuer, representing 50.5 per cent. of its share capital.

### Shareholders

As of 31 December 2022, based on communications pursuant to Article 120 of Legislative Decree No. 58 of 24 February 1998, as amended, persons shown in the table below possess, directly or indirectly, shares with voting rights representing more than 3 per cent.<sup>10</sup> of share capital:

Declarant	Direct Shareholder	Percentage of voting rights
Fürstenberg Fassio Ernesto .....	La Scogliera S.p.A.	50.50
Preve Riccardo <sup>(*)</sup> .....		3.1
Market .....		43.9
(*) of which 2.8% through Preve Costruzioni S.p.A.		

As of 31 December 2022, the Issuer holds treasury shares equal to 2.6 per cent. of its share capital and voting rights.

La Scogliera S.p.A., which directly controls the Issuer, does not perform any management and coordination activity on the Issuer. Italian corporate governance rules are designed to prevent the risk of abusive exercise of control of controlling shareholders.

### Group Structure and Subsidiaries

As of 31 December 2022 the Group is composed of the parent company, Banca Ifis, the wholly-owned subsidiaries Ifis Finance Sp. z o.o., Ifis Rental Services S.r.l., Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.), Cap.Ital.Fin. S.p.A. and Ifis Npl Servicing S.p.A. (formerly Gemini S.p.A.) whose shares are wholly-owned by Ifis Npl Investing S.p.A., the 99.99 per cent., subsidiary Ifis Finance IFN S.A., the 87.74 per cent. subsidiary Banca Credifarma S.p.A. (as resulted by the merger by incorporation of Credifarma S.p.A. into Farbanca S.p.A.), and the 51 per cent. vehicle Ifis Npl 2021-1 SPV S.r.l.

Name of the company	Registered office	Head office	Type <sup>(1)</sup>	Investment		Voting rights <sup>(2)</sup>
				Held by	Share	
Ifis Finance Sp. z o. o.	Warsaw	Warsaw	1	Banca Ifis S.p.A.	100%	100%
Ifis Rental Services S.r.l.	Milan	Milan	1	Banca Ifis S.p.A.	100%	100%
Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.)	Florence, Milan and Mestre (VE)	Mestre (VE)	1	Banca Ifis S.p.A.	100%	100%
Cap.Ital.Fin. S.p.A.	Naples	Naples	1	Banca Ifis S.p.A.	100%	100%
Ifis Npl Servicing S.p.A. (formerly Gemini S.p.A.)	Mestre (VE)	Mestre (VE)	1	Ifis Npl Investing S.p.A.	100%	100%
Ifis Finance I.F.N S.A.	Bucharest	Bucharest	1	Banca Ifis S.p.A.	99.99%	99.99%
Banca Credifarma S.p.A.	Rome	Rome	1	Banca Ifis S.p.A.	87.74%	87.74%
Ifis Npl 2021-1 SPV S.r.l.	Conegliano (TV)	Conegliano (TV)	1	Banca Ifis S.p.A.	51%	51%
Indigo Lease S.r.l.	Conegliano (TV)	Conegliano (TV)	4	Other	0%	0%
Ifis ABCP Programme S.r.l.	Conegliano (TV)	Conegliano (TV)	4	Other	0%	0%
Emma SPV S.r.l.	Conegliano (TV)	Conegliano (TV)	4	Other	0%	0%

(1) Type of relationship:

1 = majority of voting rights in the Annual Shareholders' Meeting

2 = dominant influence in the Annual Shareholders' Meeting

3 = agreements with other shareholders

4 = other forms of control

5 = exclusive control as per article 26, paragraph 1, of Legislative Decree no. 87/92

6 = exclusive control as per article 26, paragraph 2, of Legislative Decree no. 87/92

<sup>10</sup> Following the enactment of Legislative Decree no. 25/2016 of 15 February 2016, the threshold at which it is required to report to the market all significant equity interests held in companies with listed shares has been raised from 2 per cent. to 3 per cent.

(2) Voting rights in the Annual Shareholders' Meeting, distinguishing between effective and potential voting rights.

## Business Segments: financial data and overview

The following table shows the consolidated net banking income and net profit (loss) from financial activities of the Group by core business segments for the financial years ended on, respectively, 31 December 2021 and 31 December 2022.

<b>Income Statement Data</b> <i>(in thousands of Euro, except for percentages)</i>	<b>Commercial &amp; Corporate Banking Segment</b>	<b>NPL Segment (formerly NPL)<sup>(1)</sup></b>	<b>Governance &amp; Services and Non-Core Segment</b>	<b>Cons. Group Total</b>
Net banking income	-	-	-	-
Amounts at 31.12.2022 (unaudited)	318,444	284,297	77,806	680,547
Amounts at 31.12.2021 (unaudited)	282,684	257,557	59,697	599,938
<i>% Change</i>	12.7%	10.4%	30.3%	13.4%
Net profit (loss) from financial activities				
Amounts at 31.12.2022 (unaudited)	269,938	262,600	70,494	603,032
Amounts at 31.12.2021 (unaudited)	237,131	239,562	46,034	522,727
<i>% Change</i>	13.8%	9.6%	53.1%	15.4%

(1) Net impairment losses on NPL receivables were reclassified to Interest receivable and similar income to present more fairly this business, for which net impairment losses represent an integral part of the return on the investment.

## Commercial & Corporate Banking Segment

The Commercial & Corporate Banking Segment includes the following business areas:

- **Business Factoring:** area dedicated to supporting the trade credit of SMEs operating on the domestic market, which develop towards export, or which from export, turn to Italian customers; it also includes an organisational unit dedicated to supporting trade credit of suppliers of the local health authorities and an organisational unit specialised in the acquisition of tax receivables transferred from bankruptcy proceedings, which operates under the Fast Finance brand. This unit acquires tax receivables, accrued and accruing, already requested for reimbursement, or future, arising from proceedings or in previous years.
- **Leasing:** area that provides finance and operating leases - but not real estate leases, as the Group does not offer them - to small economic operators and SMEs.
- **Corporate Banking & Lending:** a business area that aggregates multiple units: Structured Finance, the segment that supports companies and private equity funds in arranging bilateral or syndicated loans; the Equity Investment area, dedicated to investing in non-financial companies and intermediaries; and the Lending segment, dedicated to the Group's medium/long-term operations, oriented to supporting the company's operating cycle and the disbursement of consumer credit in the form of salary or pension backed loans (CQS/CQP).

As shown in the following table, as of 31 December 2022, the net banking income of the "Commercial & Corporate Banking Segment" amounted to €318.4 million, compared to €282.6 million as of 31 December 2021.

<b>Income Statement Data</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
Net interest income	215,601	188,792	26,809	14.2%
Net commission income	90,980	80,956	10,024	12.4%
Other components of net banking income	11,863	12,936	(1,073)	(8.3)%
<b>Net banking income</b>	<b>318,444</b>	<b>282,684</b>	<b>35,760</b>	<b>12.7%</b>
Net credit risk losses/reversals	(48,506)	(45,553)	(2,953)	6.5%
<b>Net profit (loss) from financial activities</b>	<b>269,938</b>	<b>237,131</b>	<b>32,807</b>	<b>13.8%</b>

## Factoring Area



Banca Ifis finances mainly small or micro companies in Italy that frequently have no credit standing and consequently encounter difficulties in obtaining finance from the traditional banking system. Around 75 per cent. of Banca Ifis' customers have a turnover below €5 million per year, and do not represent an attractive segment for traditional banks; by contrast, the customers of these SME's are high quality companies whose trade receivables benefit from good credit ratings. By switching its risk exposure from the relevant lender (SME) to the relevant debtor (the SME's clients) through recourse factoring operations, Banca Ifis is able to finance a part of the market that traditional banks tend to overlook while, at the same time, preserving the credit quality of its portfolio.

The origination process is based both on digital network and on a distribution network of sales managers, of whom around 110 operate locally (assisted by the Group's 26 local branches), who are responsible for managing relationships with customers. Sales managers visit potential customers in their premises, creating a direct relationship which the Issuer expects will foster the on-going business intake of the Group. More than 150 employees are dedicated to analytical and back-office activities. Such activities include the assessment of the quality of the debtor (being the most important item in the credit evaluations of the Group) and, also, the legal nature and terms and conditions of the receivables. In addition, the Group's assessment criteria require that the Group's customers have a sufficient level of creditworthiness to mitigate risks of clawback actions if the relevant customer is subject to insolvency proceedings. Usually, the terms of engagement of Banca Ifis in the factoring (excluding the factoring of pharmaceutical receivables) usually provides for the exclusive transfer from the relevant customer of all trade receivables due from specified clients during a 24-month period. The Issuer believes that this fosters the Group's customer base retention rate even if the factoring business is normally short term.

Banca Ifis has a dedicated business unit to supporting the trade receivables of SMEs operating in the domestic market as well as companies growing abroad or based abroad and working with Italian customers. This area includes the operations carried out in Poland by Ifis Finance Sp. z o. o and, starting from March 2021, in Romania by Ifis Finance I.F.N. S.A.

The "Tax Receivables" business unit is specialised in purchasing tax receivables arising from insolvency proceedings; in the case of insolvency proceedings, the insolvent debtor may have tax credits that can be cashed in over a long-term horizon. In these cases the official receiver may decide to speed up the process by selling the tax receivables. Through its "Tax Receivables" business unit, the Group offers to buy both accrued and accruing tax receivables on which repayment has already been requested or which will be requested in the future, and that have arisen during insolvency proceedings or in prior years. As a complement to its core business, this business unit seldom also acquires trade receivables from insolvency proceedings. The Group purchases tax receivables without recourse usually at a discount to nominal value, to consider the length of the collection process. The focus of Banca Ifis' employees in the segment is to be in touch with the bankruptcy courts in order to identify possible sources of new products and assist the parties involved in proceedings with operational aspects and preparing documentation.

As shown in the following table, as of 31 December 2022, the net banking income of the factoring amounted to €171.6 million, compared to €143 million as of 31 December 2021.

<b>Income Statement Data</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
Net interest income	110,100	87,386	22,714	26.0%
Net commission income	62,049	55,870	6,179	11.1%
Other components of net banking income	(495)	(175)	(320)	182.9%
<b>Net banking income</b>	<b>171,654</b>	<b>143,081</b>	<b>28,573</b>	<b>20.0%</b>
Net credit risk losses/reversals	(14,987)	(18,142)	3,155	(17.4)%
<b>Net profit (loss) from financial activities</b>	<b>156,667</b>	<b>124,939</b>	<b>31,728</b>	<b>25.4%</b>

## Leasing Area

This business area offers a range of leasing and rental solutions to small businesses and SMEs.

The following are its main operational processes:

**Origination and underwriting process:** The origination channel is based on a web platform, through which agents, vendors, dealers, credit institutions can upload applications and receive approvals online. The access to the tool is regulated by an agreement between our company and the counterpart.

All applications are delivered to the automated scoring and decision system that, based on the information retrieved from external databases, checks customer exposure and payment behaviour, performs anti-money

laundering and know-your-customer screenings and assigns a credit score. At the end of this process the automated decision system recommends the approval or rejection of the relevant application or, where necessary, assigns it for further processing and underwriting through non-automated decision systems.

Lending authority has been delegated by the Issuer's Board of Directors to the Investment Committee or other internal departments, in each case within specific limits based on a grid with a combination of client category, deal amount, customer exposure, and customer credit rating.

Monitoring and collection process: Credit exposures are monitored by identifying missing payments. Depending on the number of missed payments, the Leasing business area may opt for any of the following procedures:

- phone reminders;
- door to door reminders;
- appointment of external collection agencies;
- appointment of external law firms

In the event of at least 5 missed payments, under the general terms and conditions of the Leasing Business Unit's lease contracts, leasing transactions may be terminated and the asset repossession and remarketing process is started.

The results as of 31 December 2022 and as of 31 December 2021 for the Leasing area are as follows:

<b>Income Statement Data</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
Net interest income	47,088	44,381	2,707	6.1%
Net commission income	12,250	11,304	946	8.4%
<b>Net banking income</b>	<b>59,338</b>	<b>55,685</b>	<b>3,653</b>	<b>6.6%</b>
Net credit risk losses/reversals	(2,836)	(7,091)	4,255	(60.0)%
<b>Net profit (loss) from financial activities</b>	<b>56,502</b>	<b>48,594</b>	<b>7,908</b>	<b>16.3%</b>

### Corporate Banking & Lending

This business area that aggregates multiple units:

- the "Structured Finance" area, which supports companies and private equity funds with the arrangement of bilateral or syndicated loans;
- the Equity Investment area, dedicated to investing in non-financial companies and closed-end mutual funds; and
- the "Lending" area, dedicated to the Group's medium/long-term operations, oriented to supporting the company's operating cycle through services ranging from funding optimisation to working capital financing and the support for productive investments

The main operational processes of this business unit can be summarised as follows:

#### Origination & Underwriting process.

This process consists of a deal's origination and structuring and evaluation of a client's creditworthiness and profitability through a financial analysis focused mainly on the client's financials.

The output of the process consists of detailed documentation to be submitted for the approval of the deal by the relevant internal lending authorities holders/committees of the Issuer.

Lending authority has been delegated by the Issuer's Board of Directors to qualified delegation holders investment committee within specific limits based on a combination of client category, deal amount, customer exposure and customer credit rating.

#### Monitoring and Collection

In the context of this process, all the credit exposures of the Corporate Banking & Lending area Business Segment are managed through the continuous monitoring of *in bonis* customers and the preservation of the going concern for non-performing credit exposures.

*In bonis* customers are periodically reviewed through:

- customer financial reporting monitoring;
- customer performance as compared to the relevant business plan evaluation;
- prompt identification of borrowers at risk of falling into arrears or default, triggering risk-mitigating actions to prevent it; and
- monitoring adequacy of fair value of assets provided as collateral, assigned ratings, risk classifications and breaches of covenants.

Non-performing credit exposures are monitored through:

- ongoing monitoring of financial performance of clients;
- negotiations with clients and their advisors to agree debt restructuring actions; and
- post-restructuring, monitoring clients' compliance with restructuring plans and loan covenants, in order to achieve a correct risk classification.

Frequency of monitoring depends on account classification and type of deal. An *ad hoc* analysis is performed every time a waiver/amendment request is received from the customer.

The net banking income of the Corporate Banking & Lending area totalled €87.4 million as of 31 December 2022, compared to €83.9 million as of 31 December 2021.

<b>Income Statement Data</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
Net interest income	58,413	57,025	1,388	2.4%
Net commission income	16,681	13,782	2,899	21.0%
Other components of net banking income	12,358	13,111	(753)	(5.7)%
<b>Net banking income</b>	<b>87,452</b>	<b>83,918</b>	<b>3,534</b>	<b>4.2%</b>
Net credit risk losses/reversals	(30,683)	(20,320)	(10,363)	51.0%
<b>Net profit (loss) from financial activities</b>	<b>56,769</b>	<b>63,598</b>	<b>(6,829)</b>	<b>(10.7)%</b>

## NPL Segment

The "NPL Segment" is the Group's business segment dedicated to non-recourse acquisition and managing secured and unsecured distressed retail loans, as well as third party portfolio management.

The business is closely associated with converting non-performing exposures into performing assets and collecting them.

The business can be divided up into three macro categories:

- **Cost:** post-acquisition management, when all information retrieval operations take place to help decide the most appropriate conversion method, the receivable is classified in a so-called "staging" area and recognised at cost (€113.7 million as of 31 December 2022, compared to €135.8 million as of 31 December 2021) with no contribution to profit or loss. As a rule, 6-12 months later, the positions are directed towards the most appropriate form of management, depending on their characteristics;
- **Non-judicial:** non-judicial operations, which deal with practices that can be handled through collection by settlement. Practices awaiting information about the most appropriate collection instrument are classified into a basin called "mass management" and as of 31 December 2022 come to €237.7 million, up 17.9 per cent. compared with €201.6 million at 31 December 2021. Practices on which a realignment plan has been agreed and formalised an increase (4.0 per cent.) coming in at €232.3 million as of 31 December 2022 (€223.3 million as of 31 December 2021);

- **Judicial:** legal management, which covers all practices in the various stages of legal processing, ranging from obtaining a court order to a garnishment order. Practices awaiting the most appropriate legal action are included in the category of "Other positions undergoing judicial processing" and come to €207.8 million as of 31 December 2022 (€270.8 million as of 31 December 2021); practices in phases of writ, attachment order and garnishment order are allocated to a specific basin, which records an increase of 14.8 per cent, coming in at €553.2 million, compared to €481.9 million recorded in December 2021. The judicial management basin includes all "Secured and Corporate" positions of corporate banking origin or real estate, equal to €160.5 million as of 31 December 2022, compared to €164.3 million as of 31 December 2021.

Finally, the Group occasionally seizes market opportunities in accordance with its business model by selling portfolios of positions yet to be processed to third parties.

Total purchases in 2022 amounted to €148.9 million, down from €177.3 million of the previous year.

The results as at 31 December 2022 and as at 31 December 2021 for the NPL Segment are as follows:

<b>Income Statement Data</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
Interest income from amortised cost	161,507	150,368	11,139	7.4%
Interest income notes and other minority components	3,363	1,409	1,954	138.7%
Other components of interest income from changes in cash flow	133,413	122,502	10,911	8.9%
Interest expense	(27,303)	(26,674)	(629)	2.4%
<b>Net interest income</b>	<b>270,980</b>	<b>247,605</b>	<b>23,375</b>	<b>9.4%</b>
<b>Net commission income</b>	<b>3,675</b>	<b>3,357</b>	<b>318</b>	<b>9.5%</b>
Other components of net banking income	(1,057)	136	(1,193)	n.s.
Gain on sale of receivables	10,699	6,459	4,240	65.6%
<b>Net banking income</b>	<b>284,297</b>	<b>257,557</b>	<b>26,740</b>	<b>10.4%</b>
<b>Net profit (loss) from financial activities</b>	<b>262,600</b>	<b>239,562</b>	<b>23,038</b>	<b>9.6%</b>

Net impairment losses on receivables of the NPL Segment were reclassified to interest receivable and similar income to present more fairly this business and because they represent an integral part of the return on the investment.

### Governance & Services and Non-Core Segment

The segment comprises, among other things, the resources required for the performance of the services of the Strategic Planning, Finance, Operations, Human Resources, Communication, Marketing, Public Affairs & Sustainability Functions, as well as the structures responsible for raising, managing and allocating financial resources to the operating segments. It also includes the Proprietary Finance business (proprietary securities desk) and Securitisation & Structured Solution activities (investment in asset backed securities, instrumental to the realisation of securitisation transactions). The Segment also includes run-off portfolios originated from the former Interbanca as well as other personal loan portfolios.

As of 31 December 2022, total net receivables in the sector amounted to €2,152.1 million, down 4.2 per cent. on the figure as of 31 December 2021 (€2,246.8 million). The decrease of €94.7 million is due for €15 million to the securities business of the Proprietary Finance and Securitisation & Structured Solutions segments and for the remaining €80 million to the natural run-off of the Non-Core portfolio.

<b>Income Statement Data</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
Net interest income	61,669	51,574	10,095	19.6%
Net commission income	(1,142)	(1,031)	(111)	10.8%
Other components of net banking income	17,279	9,154	8,125	88.8%
<b>Net banking income</b>	<b>77,806</b>	<b>59,697</b>	<b>18,109</b>	<b>30.3%</b>
Net credit risk losses/reversals	(7,312)	(13,663)	6,351	(46.5)%
<b>Net profit (loss) from financial activities</b>	<b>70,494</b>	<b>46,034</b>	<b>24,460</b>	<b>53.1%</b>

### Funding

Total funding, which amounted to €11,130.7 million as of 31 December 2022, up 3.2 per cent. compared to 31 December 2021, mainly as a result of the Issuer's participation during 2022 in two Long Term Refinancing Operation ("LTRO") operations for a total of €400.5 million maturing, respectively, in February and March 2023, which are in addition to the Targeted Longer Term Refinancing Operations ("TLTRO") operation already in place for €2,023.2 million maturing in September 2024, and represented by 45.8 per cent. for payables due to customers (compared to 52.7 per cent. as of 31 December 2021), 30.7 per cent. for payables due to banks (compared to 24.1 per cent. as of 31 December 2021), and 23.4 per cent. for debt securities issued (compared to 23.2 per cent as of 31 December 2021).

Payables due to customers as of 31 December 2022 totalled €5,103.3 million (down 10.2 per cent. compared to 31 December 2021, also as a result of the optimisation of deposits undertaken in the retail sector). As of 31 December 2022, Banca Ifis had €2.0 billion TLTRO out of a maximum capacity of €2.9 billion.

The table below shows the types of financing drawn by the Issuer as of 31 December 2022 and 31 December 2021.

<b>Funding</b> <i>(in thousands of Euro except for percentages)</i>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	
			<b>Absolute</b>	<b>%</b>
<b>Due to customers:</b>	<b>5,103,343</b>	<b>5,683,745</b>	<b>(580,402)</b>	<b>(10.2)%</b>
<i>Repurchase agreements</i>	50,003	-	50,003	n.a.
<i>Retail</i>	4,159,855	4,517,172	(357,317)	(7.9)%
<i>Other term deposits</i>	116,339	239,986	(123,647)	(51.5)%
<i>Lease payables</i>	21,733	16,127	5,606	34.8%
<i>Other payables</i>	755,413	910,460	(155,047)	(17.0)%
<b>Due to banks:</b>	<b>3,422,160</b>	<b>2,597,965</b>	<b>824,195</b>	<b>31.7%</b>
<i>Central Banks</i>	2,423,647	2,236,942	186,705	8.3%
<i>of which: TLTRO</i>	2,023,162	2,033,870	(10,708)	(0.5)%
<i>of which: LTRO</i>	400,485	-	400,485	n.a.
<i>of which: Other deposits</i>	-	203,073	(203,073)	(100.0)%
<i>Repurchase agreements</i>	731,791	2172,512	514,279	236.4%
<i>Other payables</i>	266,722	143,511	123,211	85.9%
<b>Debt securities issued</b>	<b>2,605,195</b>	<b>2,504,878</b>	<b>100,317</b>	<b>4.0%</b>
<b>Total Funding</b>	<b>11,130,698</b>	<b>10,786,588</b>	<b>344,110</b>	<b>3.2%</b>

### Asset Quality

In accordance with Bank of Italy requirements, the Group performs impairment testing on its receivables portfolio and classify receivables as either "performing" or "impaired". Receivables with a risk of loss are classified as impaired (including receivables that, although past due, show no objective indication of impairment based on internal, historical or statistical information), while all other receivables are classified as performing.

Impaired exposures are divided into the following categories: (i) past due; (ii) unlikely to pay (UTP); and (iii) non-performing loans (NPL or Bad Loans). The definitions of these categories are provided by the Bank of Italy and are as follows:

- (i) *Past due.* Receivables are defined as "past due" when the unpaid credit obligation of the borrower at a banking group level, breaches both the following materiality thresholds for 90 consecutive days: a) an absolute threshold of €100 for retail exposures or €500 for non-retail exposures b) credit obligations past due are 1 per cent. of the total on-balance-sheet exposures of the debtor. Specific treatments are applied to factoring and purchased receivables and to sovereign exposures, including exposures to local authorities and public sector entities, to avoid excessive accounting of defaults, not reflecting actual financial difficulties of the debtor (in accordance with EBA GL/2016/07).
- (ii) *Unlikely to pay.* Receivables are defined as "unlikely to pay" when the payor is assessed as unlikely to repay his credit obligation in full. The classification within the "unlikely to pay" category is not necessarily related to the explicit presence of anomalies, but rather it is linked to the presence of evidence of a debtor's risk of default. The "unlikely to pay" category combines two categories previously provided for by the Bank of Italy, namely watchlist loans and restructured loans.
- (iii) *Non-performing (or Bad Loans).* Receivables are defined as "non-performing loans" when the debtor is effectively insolvent (although not yet legally insolvent) or in a similarly distressed situation, regardless of any provisions for loss set aside by the Issuer.

Impaired exposures, due to their nature, are classified as either past due, unlikely to pay or bad loans according to the criteria established in Circular 272/2008, which sets out the rules for reporting on supervisory, statistical, and financial matters as well as prudential capital ratios, and Circular 139/1991, relating to the Central Credit Register. When loans come from a process of sale rather than a direct drawdown, those loans maintain the same classification as that assigned by the loans' seller, provided the latter is subject to the same law as Banca Ifis; otherwise, if the Issuer has not ascertained the debtor's state of insolvency, those loans are classified as unlikely to pay.

Non-performing exposures included in the trade receivables sector are measured in accordance with the following criteria:

Bad loans are evaluated individually, and the total amount of the impairment loss on each loan is equal to the difference between the carrying amount at measurement (amortised cost) and the present value of expected future cash flows, calculated by applying the effective interest at the moment in which the loan went bad. Expected cash flows are calculated considering expected recovery times based on historical elements and other significant characteristics, as well as the estimated realisable value of guarantees, if any.

Each subsequent change in the amount or maturities of expected cash flows causing a negative change from the initial estimates results in the recognition of an impairment loss in the income statement.

If the quality of a non-performing exposure improves and there is reasonable certainty of a timely recovery of both principal and interest, in keeping with the relevant initial terms and conditions, the impairment loss is reversed through the income statement to a value not higher than the amortised cost that would have been incurred if no impairment loss had been recognised.

Unsecured gross loans which became bad loans in the 10-year period prior to the reporting date are written down to zero unless motivated decision taken by the Board. Outstanding gross loans below €100,000 are written down to zero from the moment they became bad loans.

Unlikely to pay loans amounting to more than €100,000 are evaluated individually; the write-down to each loan is equal to the difference between the amount recognised in the statement of financial position at the time of recognition (amortised cost) and the current value of expected future cash flows, calculated using the original effective interest rate or, in case of indexed rates, the last contractually applied rate. If the individual evaluation does not indicate any impairment, they are collectively tested for impairment.

Unlikely to pay loans amounting to less than €100,000 are collectively tested for impairment.

Non-performing past due exposures, as defined by the Bank of Italy, are collectively tested for impairment. Such measurement applies to categories of loans with a homogeneous credit risk. The relevant losses are estimated as a percentage of the original loan amount by considering historical time series based on internal data existing at the time of measurement and allowing to calculate the latent losses for each category.

Performing loans are collectively tested for impairment. Such measurement applies to categories of loans with a homogeneous credit risk; in particular, the performing portfolio is divided into stage 1 and stage 2 in accordance with the IFRS9 accounting principle. The relevant losses are estimated as a percentage of the loan amount based on the probability of default associated with each customer and the loss rates taken from internal historical series for each category.

Non-performing exposures included in the NPL Segment are recognised and assessed through the following steps:

1. at the time of purchase, receivables are recognised by allocating the portfolio's purchase price among the individual receivables it consists of through the following steps:
  - recognition of the individual receivables at a value equal to the contract price, which is used for the purposes of reporting to the Central Credit Register;
  - after verifying the documentation, if provided in the contract, the Issuer returns the loans lacking documentation or beyond the statute of limitations to the seller, and measures the fair value of receivables which actually exist and can be collected; finally, after sending a notice of assignment to the debtor, the Issuer can start collection actions on the receivable;
2. once the collection process begins, receivables are measured at amortised cost using the effective interest rate method;

3. the effective interest rate is calculated on the basis of the price paid, the transaction costs, if any, and the estimated cash flows and collection time calculated using either a proprietary model (see item 5 below), or analytical estimates made by managers;
4. the effective interest rate as set out in the previous point is unchanged over time;
5. the proprietary model estimates cash flows by projecting the "breakdown" of the nominal amount of the receivable "over time" based on the historical recovery profile for similar clusters. For the positions with settlement plan funding characteristics, the Issuer uses a "deterministic" model based on the measurement of the future instalments of the plan, net of the historical default rate. For the judicial position, cash flows are estimated considering the timing of Italian courts, the amount of the debtor's salary and the legal costs for the recovery process. In addition, for the so-called "specialist loans" (for example secured loans, top loans or insolvency proceedings) the Issuer uses the analytical estimates by the asset manager.
6. at the end of each reporting period, interest income accrued on the basis of the original effective interest rate is recognised under Interest Income. The interest is calculated on a monthly basis as follows:  
Amortised Cost at the beginning of the period x IRR;
7. in addition, at the end of each reporting period, the expected cash flows for each position are re-estimated, considering any relevant occurred event in the analytical estimates by the manager;
8. should events occur (higher or lower revenues realised or expected compared to forecasts and/or a change in collection times) which cause a change in the amortised cost (calculated by discounting the new cash flows at the original effective interest rate compared to the amortised cost in the period). In case of impairment events, the changes in the amortised cost are recognised under item "Credit risk losses/reversals" on the income statement.

Tax Receivables are classified under performing loans, since they are due from the Public Administration.

Non-performing exposures included in Leasing sector are measured according to the following criteria:

Non-performing exposures are categorized in homogeneous expected recovery clusters based on product type (transportation or equipment) and asset status (sold or to be repossessed); the cluster loss rate is determined by internal historical recovery series.

Loans are individually evaluated and the total amount of the impairment loss on each loan is equal to the difference between the carrying amount at measurement (amortised cost) and the present value of expected recovery, calculated by applying the "1- loss rate" to the carrying amount at the measurement.

Large Value Loans could be individually impaired and the expected recovery individually determined, based on the "on-going" recovery strategy.

The original effective interest rate of each loan does not change over time even if a restructuring involved changing the contractual rate or the loan no longer bears contractual interest in practice. Any impairment loss is recognised in profit or loss. The impairment loss is reversed in the following years to the extent that the reason for the impairment no longer exists, provided this assessment can be related objectively to an event occurring after the impairment was recognised. The reversal is recognised in profit or loss and shall not exceed the amortised cost that the loan would have had if the impairment had not been recognised.

The restructuring of non-performing exposures by converting them in full or in part into shares in the borrowing firms is measured based on the fair value of the shares received in exchange for the receivable, in accordance with IFRIC 19; such shares are measured at fair value using the methods for equity investments based on their classification for accounting purposes.

For other renegotiations, the Issuer derecognises the receivable and recognises a new financial asset if the changes in contractual terms are material.

Restructuring procedures concern loans to customers in financial distress for which the renegotiation resulted in a financial loss for the Issuer; in this case, the specific write-down is calculated based on the original interest rate.

The loans for which there is no individual objective evidence that an impairment loss has been incurred, i.e. performing loans, including those to counterparties in high-risk countries, are collectively tested for impairment. Such measurement applies to categories of loans with a homogeneous credit risk; in particular, the performing portfolio is divided into stage 1 and stage 2 in accordance with the IFRS9 accounting principle. The relevant losses

are estimated as a percentage of the loan amount based on the probability of default associated with each customer and the loss rates taken from internal historical series for each category. Collective impairment losses are recognised in profit or loss.

At each reporting date, any additional impairment losses or reversals are calculated on a differential basis relative to the entire portfolio of performing receivables at the same date.

The table below show the loans to customers breakdown for each of the areas comprised in the Commercial & Corporate Banking Segment:

	<b>Factoring</b>	<b>Leasing</b>	<b>Corporate banking &amp; Lending</b>	<b>Aggregate coverage ratio for the Commercial &amp; Corporate Banking Segment</b>
<b>Bad loans</b>				
Amounts at 31.12.2022	14,348	526	10,299	25,173
Amounts at 31.12.2021	23,901	352	7,268	31,522
<b>Unlikely to pay</b>				
Amounts at 31.12.2022	45,068	5,457	35,164	85,690
Amounts at 31.12.2021	41,064	6,631	43,943	91,638
<b>Past due loans</b>				
Amounts at 31.12.2022	121,678	8,129	10,355	140,161
Amounts at 31.12.2021	102,530	9,763	2,468	114,761
<b>Total non-performing exposures</b>				
<b>Amounts at 31.12.2022</b>	<b>181,094</b>	<b>14,112</b>	<b>55,818</b>	<b>251,024</b>
<b>Amounts at 31.12.2021</b>	<b>167,496</b>	<b>16,745</b>	<b>53,680</b>	<b>237,921</b>
<b>% Change</b>	<b>8.1%</b>	<b>(15.7)%</b>	<b>4.0 %</b>	<b>5.5%</b>
<b>Net performing loans to customers</b>				
Amounts at 31.12.2022	2,574,499	1,458,065	2,231,402	6,263,965
Amounts at 31.12.2021	2,772,576	1,373,478	2,177,439	6,323,493
<b>Total on-balance-sheet loans to customers</b>				
<b>Amounts at 31.12.2022</b>	<b>2,755,592</b>	<b>1,472,177</b>	<b>2,287,221</b>	<b>6,514,989</b>
<b>Amounts at 31.12.2021</b>	<b>2,940,072</b>	<b>1,390,223</b>	<b>2,231,118</b>	<b>6,561,414</b>
<b>% Change</b>	<b>(6.3) %</b>	<b>5.9 %</b>	<b>2.5%</b>	<b>(0.7) %</b>

The table below show the coverage ratio breakdown, as of 31 December 2022 and 31 December 2021 for each of the areas comprised in the Commercial and Corporate Banking Segment:

	<b>Factoring</b>	<b>Leasing</b>	<b>Corporate banking &amp; Lending</b>	<b>Aggregate coverage ratio for the Commercial &amp; Corporate Banking Segment</b>
<b>Coverage ratio on gross bad loans</b>				
Amounts at 31.12.2022	77.9%	94.6%	32.8%	72.0 %
Amounts at 31.12.2021	75.2%	96.5%	34.6%	73.2 %

The table below show the net bad loans / loans to customers ratio breakdown, as of 31 December 2021 and 31 December 2022 for the Commercial and Corporate Banking Segment.

	<b>Factoring</b>	<b>Leasing</b>	<b>Corporate banking &amp; Lending</b>	<b>Aggregate coverage ratio for the Commercial &amp; Corporate Banking Segment</b>
<b>Net bad loans / loans to customers ratio</b>				
Amounts at 31.12.2022	0.5%	0.0%	0.5%	0.4%
Amounts at 31.12.2021	0.8%	0.0%	0.3%	0.5%



## Capital Ratios

The Bank of Italy has adopted risk-based capital ratios ("**Capital Ratios**") pursuant to European Union capital adequacy and solvency regulations and directives. Italy's current requirements are similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. The Capital Ratios consist of core (Tier I) and supplemental (Tier II) capital requirements relating to the Issuer's assets and certain off-balance sheet items weighted according to risks ("**Risk Weighted Assets**").

The table below shows the Group's Capital Ratios as of 31 December 2022 and 31 December 2021, which exceed the minimum levels prescribed by the Bank of Italy.

	As of	
	31 December 2022	31 December 2021
	<i>(€ thousands, except percentages)</i>	
Common Equity Tier 1 capital	1,520,570	1,486,880
Tier 1 capital .....	1,521,490	1,488,624
Own Funds .....	1,906,288	1,891,346
Risk-weighted assets.....	10,128,064	9,633,003
Common Equity Tier 1 ratio.....	15.01%	15.44%
Tier 1 capital ratio.....	15.02%	15.45%
Total capital ratio .....	18.82%	19.63%

CET1 and Total Capital ratios include earnings as of 31 December 2022, net of the related dividend, including the portion distributed on an interim basis in compliance with the provisions of Article 2433, paragraph 4 of the Italian civil code..

## Markets<sup>11</sup>

The following is a brief description of the markets in which the Group operates in Italy:

*Small and Medium Enterprises:* uncertainties related to geopolitical tensions and inflation together with tighter financial conditions are affecting investment spending and the outlook for the real estate sector. The opinions expressed by manufacturing companies in the average of the fourth quarter of 2022 indicate a downturn in activity, as measured by the PMI (Purchasing Managers' Index). Indeed, due to energy and raw material prices, company margins are expected to shrink. An analysis by Cerved projects 2023 turnover to grow by 3.4 per cent., an increase that would, however, be reduced to 0.5 per cent. if considered in real terms thus failing to reabsorb higher costs with an expected contraction in margins. Indeed, energy costs are still historically high (the increase in the price of natural gas on 1 January 2023 was 143 per cent. compared to 1 January 2021), although far from the 21 August 2022 peak in the price of natural gas. Moreover, as already pointed out, higher energy costs have also spread to other goods and services. Despite the difficult environment, Italian companies did not give up on investment, which grew by around 10 per cent., thus continuing a 2021 that had been characterised by growth of 17 per cent. (source: Istat). Investments slowed in the third quarter (+0.8 per cent. on the previous period), reflecting a reduction in construction spending, while spending on plant and machinery accelerated. While expecting the slowdown to continue in the first part of 2023, Bank of Italy surveys show that the share of companies expecting an expansion of investments in 2023 exceeds that of those estimating a reduction, thus continuing the innovation process that has led them to strengthen their international positioning in the last two years.

*Business Factoring:* in 2022, the product's volume increased compared to 2021 (+10.09 per cent). In 2022, factoring turnover amounted to €287,26 billion (+14.61 per cent compared to 2021).

*Leasing:* in 2022, leasing volumes increased compared to 2021 (+9.7 per cent). The leasing market growth was due to the development of vehicle long term rental segment and equipment lease segment.

*Non-Performing Loans:* in 2022, the Italian Npl transaction market again expressed significant volumes: the GBV (Gross Book Value, nominal amount) amount of the transferred portfolios stood at around €41 billion (source: Banca Ifis Market Watch Npl), with a breakdown by asset type that saw €32 billion of non-performing positions and €9 billion of UtP. In line with previous years, the concentration of transactions in terms of originator and buyer remained high in 2022, with 62 per cent. and 51 per cent. of the top 5 weighing in, respectively, although lower than in 2021. Corporate debtors and secured portfolios account for more than half of the total transacted. The secondary market, an important segment of a market that has now reached maturity, accounted for 28 per

<sup>11</sup> Figures in this section are based on Issuer's internal elaborations on publicly available data and information.

cent. of Npl transactions. Average prices rise slightly due to the high incidence of GACS transactions and "fresher" portfolios that found investor appetite; phenomena partly offset by the incidence of the secondary market. Projections for 2023-2024 are subject to variability due to scenario uncertainties. Current estimates indicate that the market for Npl transactions will maintain high volumes, €40 billion and €33 billion for non-performing and Utp positions respectively, with the secondary market increasing its share by 2022.

## Employees

The table below sets forth the average number of employees of the Issuer for the years 2022 and 2021.

<u>Average number of employees</u>	<u>2022</u>	<u>2021</u>
<b>Employees:</b>	1,853	1,821
(a) senior managers	92	84
(b) middle managers	554	541
(c) other employees	1,207	1,196

As of 31 December 2022, the Group had 1,874 employees (1,849 as at 31 December 2021).

## Legal Proceedings

Please see section "*Legal and tax disputes*" on page 53 of the Consolidated Financial Statements of the Issuer as of and for the year ended 31 December 2022 which is incorporated by reference herein and listed in section "*Documents Incorporated by Reference*" above.

## Corporate Governance

The organisational documents of the Issuer conform to the provisions contained in the Italian Civil Code and other special regulations regarding banking entities.

The Issuer applies the traditional model of administration and control, believing it to be the most suitable way to ensure efficient management and effective controls.

For Banca Ifis, the traditional model of administration and control has allowed it to achieve value creation for shareholders, the strengthening of capital and financial balance. The Issuer believes that the presence of minority shareholders within the corporate boards, thanks to the slate vote mechanism included in the Articles of Association, the growing capacity to provide financial support for SMEs and to bring insolvent individuals back into the fold of solvent debtors and potential borrowers of new credit, as well as the steady growth in the number of employees complement the Group's ability to meet the expectations of its stakeholders.

Ultimately, the Issuer believes that the traditional model appears to be the most suitable to promote the development of the Group, as it places the skills relating to strategic supervision, management and control within a structure that has so far proved effective and efficient, facilitating clear definition of responsibilities, a streamlined decision-making process and an effective dialogue between the bodies themselves.

In the model applied by Banca Ifis:

- the Board of Directors carries out the strategic supervision;
- each of the chief executive officer and the general manager is vested with the management function; and
- the Board of Statutory Auditors carries out internal control activities.

Pursuant to Legislative Decree No. 231 of 8 June 2001, as amended ("**Decree 231**", which provides for the direct liability of legal entities, companies and associations for certain crimes committed by their representatives and encourages companies to adopt corporate governance structures and risk prevention systems to stop managers, executives, employees and external collaborators from committing crimes), the Board of Directors appoints an independent supervisory board ("*Organismo di Vigilanza*") charged with the task of (i) monitoring compliance with Decree 231 and (ii) proposing necessary updates to the organisational model of the Issuer. In order to supervise the actions of top management adequately, the *Organismo di Vigilanza* must remain fully autonomous.

The following Committees existed within the Board of Directors:

- the Risk Management and Internal Control Committee, consisting of four Non-Executive and independent Directors;
- the Appointments Committee, consisting of three Non-Executive Directors, two of whom are independent, with an independent President;
- the Remuneration Committee, consisting of three Non-Executive Directors, two of which are independent, with an independent President.

### **Board of Directors**

As per the Company's statutes (the "**Articles of Association**"), the Board of Directors is composed of a minimum of five up to a maximum of fifteen members, elected by the Shareholders' Meeting. They remain in office for a period up to three years, as determined as at the date of the relevant appointment and expiring on the date of the Shareholders' Meeting called to approve the annual financial statements for their last year of office.

Pursuant to the Consolidated Banking Law, the members of the Board of Directors are required to abide by specific professional, ethical and independency requirements.

The following table sets forth the names, positions and principal activities of the current members of the Board of Directors.

The current Board of Directors was elected at the shareholders' meeting of 28 April 2022 for the years 2022, 2023 and 2024 and will expire on the date in which the shareholders' meeting called to approve the Annual financial statements for the year 2024 takes place.

<b>Name</b>	<b>Position</b>	<b>Principal Activities Outside the Issuer</b>
Sebastien Egon Fürstenberg	Director and Designated Honorary Chairman	Chairman of La Scogliera S.p.A.
Ernesto Fürstenberg Fassio	Deputy Chairman	Chief Executive Officer of La Scogliera S.p.A., Director of Ifis Npl Investing S.p.A., Director of Aidexa S.p.A.
Frederik Herman Geertman	Chief Executive Officer	Director of Ifis Npl Investing S.p.A.
Simona Arduini	Independent Director	Professor of Business Economics at the "Università degli Studi Roma Tre", College of Auditors of the Special Superintendence of Archaeology, Fine Arts and Landscape of Rome, Independent director of Ifis Npl Servicing S.p.A. Independent director of Ifis Npl Investing S.p.A., Standing auditor of Sustainable Ventures S.p.A., Standing auditor of Open Fiber Holdings S.p.A., Standing auditor of Open Fiber S.p.A., Standing auditor of Fiber Network Solution S.c.a.r.l., Alternate auditor of Europa Gestioni Immobiliari S.p.A., Member of the Supervisory Committee of Banca Popolare delle Province Calabre s.c.p.a. in l.c.a. Member of the Supervisory Committee of Européenne de Gestion Privée S.A. – Italian branch in l.c.a. Member of the Supervisory Committee of Orconsult Capital Management Italia S.p.A. in l.c.a., Member of the Supervisory Committee of Banca Popolare delle Province Calabre s.c.p.a. in l.c.a. Member of the Supervisory Committee of Veneto Banca S.p.A. in l.c.a., Standing auditor of Rentokil Initial Italia S.p.A., Certified public accountant of Soprintendenza Speciale Archeologica Belle Arti e Paesaggio di Roma

<b>Name</b>	<b>Position</b>	<b>Principal Activities Outside the Issuer</b>
Antonella Malinconico	Independent Director	Director of ADISURC (Company for the Right to University Education of the Campania Region)
Beatrice Colleoni	Independent Director	-
Monica Billio	Independent Director	Director of Ifis Npl Investing S.p.A.
Monica Regazzi	Independent Director	Director of Homepal a better place S.r.l., Director of Net Insurance S.p.A., Director of Net Insurance Life S.p.A.
Paola Paoloni	Independent Director	-
Giovanni Meruzzi	Independent Director	Full Professor of Commercial Law and lawyer, Supervisory board member of SMOCT Società Consortile per Azioni.
Luca Lo Giudice	Independent Director	President of the Board of Directors of Ifis Npl Investing S.p.A., Director of Ifis Npl Servicing S.p.A., President of the Board of Directors of CISFI S.p.A. Director of Interporto Campano S.p.A., Chief Executive Officer of Vulcano S.p.A.
Roberta Gobbi	Independent Director	-
Roberto Diacetti	Independent Director	Director of Pirelli & C. S.p.A., Director of the ENPAIA Foundation, Director of SAIPEM S.p.A.

The business address of each of the members of the Board of Directors is Via Terraglio 63, Mestre, 30174 Venice, Italy.

#### ***Board of Statutory Auditors***

Each member of the Board of Statutory Auditors is appointed by the shareholders and the board is composed of three regular auditors, one of whom is appointed as chairman, and two alternate auditors. Members of the Board of Statutory Auditors are elected by the shareholders for a term of three years until the date of the shareholders' meeting called for the approval of the financial statements relating to the third year of such appointment.

The Board of Statutory Auditors is part of the internal control system and its activities are carried out in compliance with the relevant regulatory requirements, including those set out by the Bank of Italy.

The Board of Statutory Auditors supervises:

- compliance with the law and the Articles of Association;
- observance of the principles of proper administration;
- the appropriateness of the organisational, administrative and accounting structure adopted by the Company and its concrete functioning;
- adequacy and functionality of the Issuer's internal audit system;
- exercise of management and coordination by the Issuer;
- other records and actions specified by the law.

The Board of Statutory Auditors ascertains the adequate coordination of all the functions and structures involved in the Internal Audit System, including the Independent Auditors in charge of the audit, promoting, if necessary, the appropriate corrective measures.

The Board of Statutory Auditors informs the Board of Directors of any failings and irregularities it has found, asks for the adoption of appropriate corrective measures and verifies their effectiveness over time.

The following table sets forth the names, positions and principal activities of the current members of the Board of Statutory Auditors, all of whose appointments expire at the annual shareholders' meeting which is called for the approval of the Issuer's annual financial statements as of and for the year ending 31 December 2024:

<b>Name</b>	<b>Position</b>	<b>Principal Activities Outside the Issuer</b>
Andrea Balelli	Chairman	<p><i>Board of Directors</i></p> <p>Alumni Board Member of the Association of Economics Graduates of Sapienza University of Rome</p> <p>Sole administrator of Fedaiia Spv S.r.l.</p> <p>Sole administrator of Gardenia Spv S.r.l.</p> <p>Sole administrator of Italian Credit Recycle S.r.l.</p> <p>Director of Leviticus ReoCo S.r.l.</p> <p>Director of Malfante 2009 S.r.l.</p> <p>Sole administrator of Restart Spv S.r.l.</p> <p>Sole administrator of Rienza Spv S.r.l.</p> <p>Sole administrator of Re Vesta S.r.l.</p> <p><i>Boards of Statutory Auditors</i></p> <p>Standing auditor of Hotel Cristallo S.p.A.</p> <p>Standing auditor of Pillarstone Italy Holding S.p.A.</p> <p>Standing auditor of Pillarstone S.p.A.</p> <p>Standing auditor of PS Reti S.p.A.</p> <p>Chairman of Salvatore Ferragamo S.p.A.*</p> <p>Standing auditor of Sirti S.p.A.</p> <p>Standing auditor of Tangenziale di Napoli S.p.A.</p> <p>Chairman of Wellcomm Engineering S.p.A.</p> <p><i>Supervisory Body</i></p> <p>Chairman of Salvatore Ferragamo S.p.A.</p>
Annunziata Melaccio	Standing Auditor	<p>Chairman of the Board of Directors of Decalia Asset Management SIM S.p.A.</p> <p>Independent director of Kairos Partners SGR S.p.A.</p> <p>President of the Board of Statutory Auditors of Anthilia SGR S.p.A.</p> <p>President of the Board of Statutory Auditors of Quaestio Capital Management SGR S.p.A.</p> <p>Alternate auditor of Ambienta SGR S.p.A.</p> <p>Advisor of Bocconi Endowment Management S.r.l</p>
Franco Olivetti	Standing Auditor	<p>President of the Board of Statutory Auditors of Ifis rental Services S.r.l.</p> <p>Standing auditor of Banca Credifarma S.p.A.</p> <p>Standing auditor of JustLex Italia</p> <p>Standing auditor of Atesina San Marco S.r.l.</p> <p>Alternate auditor of Ifis Npl Investing S.p.A.</p> <p>Alternate auditor of Cap.Ital.Fin. S.p.A.</p>
Marinella Monterumisi	Alternate Auditor	<p>Director of Marr S.p.A.</p> <p>President of the Board of Statutory Auditors of Promozione Alberghiera S.C.</p> <p>President of the Board of Statutory Auditors of Renè Caovilla S.p.A.</p> <p>Standing auditor of Banca Credifarma S.p.A.</p> <p>Standing auditor of Ifis Npl Investing S.p.A.</p> <p>Standing auditor of Ifis Npl Servicing S.p.A.</p> <p>Standing auditor of Società Agricola Le Cicogne S.r.l.</p> <p>Standing auditor of Lugo Immobiliare S.p.A. in liquidation</p> <p>Standing auditor of Pesaresi Giuseppe S.p.A.</p> <p>Alternate auditor of Neodecortech S.p.A.</p> <p>Alternate auditor of Nuova Madonnina S.p.A. in liquidation</p>

Name	Position	Principal Activities Outside the Issuer
Emanuela Rollino	Alternate Auditor	<p>Alternate auditor of Solution Bank S.p.A.  Alternate Auditor of Justlex Italia S.t.a.p.A.  Liquidator of Gestioni Cinematografiche – G.E.di De Sarno Prignano Renato, Succi Massimo, Berti Ferruccio, Berti Flavio – S.n.c.  Liquidator-attorney of Immobiliare Appia S.a.s. of Bernhard Daniel  Bankruptcy trustee of Urru Aldo  Liquidator-partner of Team Work di Miria and Marinella Monterumisi S.n.c.  Sole auditor of SPES S.p.A.  Sole auditor of Rimini Welcome – Destination Management Company Società Consortile a r.l.</p> <p>Standing auditor of Roco Italy Holdo S.r.l.  President of the Board of Statutory Auditors (with auditing) of Toplife S.r.l.  Standing auditor of 3v Partecipazioni Industriali S.p.A.  President of the Board of Statutory Auditors (with auditing) of Kirkoswald Italy S.p.A.  Sole member of Palazzo Gaddi Florence Propco S.r.l.  Standing auditor of Ingrid Hotels S.p.A.  President of the Board of Statutory Auditors of Revalo S.p.A.  Statutory auditor of Dv &amp; Partners S.r.l.  Statutory auditor of Consorzio Mobilità Funicolare e Bus Società Consortile a Responsabilità Limitata ("Co.Mo. Fun&amp;Bus S.C.A.R.L.")  Sole member of Imser Securitisation 2 S.r.l.  Standing auditor of Profilo Real Estate S.r.l.  Standing auditor of Covivio 7 S.p.A.  Standing auditor of Central Società di Investimento per azioni a Capitale Fisso ("Central Sicaf S.p.A.")  Standing auditor of Sknl Italy S.p.A.  Standing auditor of Leggiuno S.p.A.  Standing auditor of Unicorn Payment S.r.l.  Alternate auditor of Danieli &amp; C. Officine Meccaniche S.p.A. ("Danieli &amp; C. S.p.A.")  Alternate auditor of Acqualatina S.p.A.  Alternate auditor of Idrosicilia S.p.A.  Alternate auditor of Adc S.r.l.  Alternate auditor of Covivio Development Italy S.p.A. Siinq  Alternate auditor of Covivio Attività Immobiliari 1 Società di Investimento Immobiliare Non Quotata ("Covivio Attività Immobiliari 1 S.P.A. Siinq")  Alternate auditor of Arriva Italia S.r.l.  Alternate auditor of Design &amp; Licences S.p.A. ("D&amp;L S.p.A.")</p>

In accordance with Italian law, members of the Board of Statutory Auditors are registered members of the registry of certified public accountants (*Revisori Legali*) held by the Italian Ministry of Economy and Finance.

The business address of the members of the Board of Statutory Auditors is Via Terraglio 63, Mestre, 30174 Venice, Italy.

### *Conflicts of Interest*

As of the date of this Base Prospectus, there is no actual or potential conflict of interest between the duties of any of the members of the Board of Directors or Board of Statutory Auditors of the Issuer and their respective private interests or other duties.

### **Independent Auditors**

On 17 April 2014, the Shareholders' Meeting of the Issuer appointed EY S.p.A. as independent auditors of the Issuer for the nine-year period 2014-2022.

On 28 April 2022, the Shareholders' Meeting of the Issuer appointed PriceWaterhouseCoopers S.p.A. as independent auditors of the Issuer for the nine-year period 2023-2031.

Each of EY S.p.A. and PriceWaterhouseCoopers S.p.A. are members of ASSIREVI, the Italian association of auditing firms.

Each of EY S.p.A. and PriceWaterhouseCoopers S.p.A. are authorised and regulated by the Italian ministry of Economy and Finance ("**MEF**") and registered in the Single Register of Legal Auditors at the Ministry of the Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*).

The registered office of, respectively, EY S.p.A. is at Via Meravigli, 12, 20123 Milan, Italy and PriceWaterhouseCoopers S.p.A. is at Piazza Tre Torri, 2, 20145 Milan, Italy.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date of this Base Prospectus. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis.*

*In any case, Italian legal or tax concepts may not be identical to the concepts described by the same English term as they exist under terms of different jurisdictions and any legal or tax concept expressed by using the relevant Italian term shall prevail over the corresponding concept expressed in English terms.*

*Bill AC.1038 of 23 March 2023, which is about to be approved by the Italian parliament, would delegate power to the Italian Government to enact, within twenty-four months from approval, one or more legislative decrees envisaging the reform of the Italian tax system ("**Tax Reform**"). According to the current version of this Bill, the Tax Reform should change significantly the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage, the information provided in this Base Prospectus may not reflect the future landscape accurately.*

### **Tax treatment of Notes issued by the Issuer**

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**") sets out the applicable tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by Italian banks.

For these purposes, pursuant to Article 44, par. 2, let. c) of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (Decree No. 917) securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

The tax regime set forth by Decree No. 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, inter alia, Italian banks, other than shares and assimilated instruments.

### **Italian Resident Noteholders**

Pursuant to Decree No. 239, where the Italian resident holder of Notes, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a de facto partnership not carrying out commercial activities or professional association; or
- (c) a private or public entity (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as "net recipients" unless the Noteholders referred to under (a), (b) and (c) above have entrusted the management of their financial assets, including the Notes, to an authorised intermediary



and have opted for the so called "*regime del risparmio gestito*" (the "**Asset Management Regime**") according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**").

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of Notes issued by the Issuer that qualify as *obbligazioni* or *titoli similari alle obbligazioni*, including Notes intended to qualify as Tier II Capital for regulatory capital purposes, received by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant (i) to Article 1, paragraphs 100 – 114, of Law No. 232 of 11 December 2016 ("**Law No. 232**") and to Article 1, paragraphs 211 – 215, of Law No. 145 of 30 December 2018 ("**Law No. 145**"), as implemented by the Ministerial Decree 30 April 2019 as further amended by Article 1, paragraph 26 of Law No. 234 of 30 December 2021 ("**Law No. 234**") as from 1 January 2022, and (ii), for long-term savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, to Article 13-*bis* of Law Decree No. 124 of 26 October 2019 ("**Law Decree No. 124**"), converted into Law with amendments by Law No. 157 of 19 December 2019, as amended and supplemented by Article 136 of Law Decree No. 34 of 19 May 2020 ("**Law Decree No. 34**"), converted into Law with amendments by Law No. 77 of 17 July 2020, by Article 68 of Law Decree No. 104 of 14 August 2020 ("**Law Decree No. 104**"), converted into Law with amendments by Law No. 126 of 13 October 2020 and by Article 1, paragraph 27 of Law No. 234.

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock brokers and other qualified entities identified by a decree of the Ministry of Finance ("**Intermediaries**" and each an "**Intermediary**"). An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident Intermediary or an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Italian tax authorities having appointed an Italian representative for the purpose of Decree No.239;and (b) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary) meeting the requirements under (a) and (b) above, the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that by the Issuer.

Payments of Interest in respect of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

- (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- (ii) Italian resident partnerships carrying out commercial activities ('*società in nome collettivo*' or '*società in accomandita semplice*');
- (iii) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), SICAVs, SICAFs, Italian resident real estate investment funds subject to the regime provided for by Law Decree No. 351 of 25 September 2001 and Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 ("**Decree No. 252**"); and
- (iv) Italian resident holders of the Notes included in the abovementioned "net recipients" categories who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent

establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Gross recipients that are Italian resident corporations or partnerships or permanent establishments in Italy of foreign entities to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes shall be included in the corporate taxable income ("**IRES**"), currently applying at the ordinary rate of 24 per cent and, in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – ("**IRAP**"), generally applying at the rate of 3.9 per cent – of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules (IRAP applies at different rates for certain categories of investors, e.g. banks, financial institutions and insurance companies and, in any case, may be increased or decreased by regional laws).

Italian resident investors who have opted for the Asset Management Regime are subject to a 26 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a SICAF, provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a non-resident intermediary), Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, the SICAV or the SICAF. The Fund, SICAV or SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to income derived by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares (the "**Collective Investment Fund Tax**").

Where a Noteholder is an Italian resident real estate investment fund or an Italian real estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply and the relevant Notes are held by an authorised intermediary, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or real estate SICAF. The income of the real estate fund or of the real estate SICAF, depending on the status and percentage of participation by the unitholders/shareholders, is (i) directly subject to tax in their hands or (ii) subject to a withholding tax at the rate of 26 per cent. upon distribution or redemption or disposal of the units/shares.

Where a Noteholder is an Italian resident pension fund subject to the regime provided for by Article 17 of Decree No. 252 and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva* but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain limitations and requirements (including a minimum holding period), Interest in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Law No. 232, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 210 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and as further amended by Article 1, paragraph 26 of Law No. 234 as from 1 January 2022, and, for long-term savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, to Article 13-bis of Law Decree No. 124, as amended and supplemented by Article 136 of Law Decree No. 34, by Article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234.

### ***Non-Italian resident Noteholders***

According to Decree No. 239, payments of Interest in respect of the Notes issued by the Issuer will not be subject to the *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected *provided that*:

- (a) such beneficial owners are resident for tax purposes in a state or territory which allows for an adequate exchange of information with the Italian tax authorities and listed in the Ministerial Decree dated 4 September 1996 as amended and supplemented from time to time (last amendment being made by Italian Ministerial Decree dated 23 March, 2017) (the "White List"). According to Article 11, par. 4, let. c) of Decree No. 239, the White List will be updated every six months period; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors, not subject to tax, established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes;
- (b) deposit the Notes in due time together with the coupons relating to such Notes with an Italian or non-resident bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as following defined); or with an Italian-resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depository of financial instruments pursuant to article 80 of the Financial Services Act) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank; and
- (c) file with the relevant depository a statement (*autocertificazione*) in due time stating, inter alia, that he or she is resident, for tax purposes, in one of the above mentioned White List states and that he or she is the beneficial owner of any interest on the Notes. Such statement (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, inter alia, the official reserves of a foreign state.

Failure of a non-resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident holder of the Notes.

Non-resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

### **Fungible issues**

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

## Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*), so called "*titoli atipici*", may be subject to a withholding tax, levied at the rate of 26 per cent under Law Decree No. 512 of 30 September 1983 ("**Decree No. 512**"). For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax.

Non-resident holders of the Notes who are subject to the withholding tax under Decree No. 512 might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes, subject to timely filing of required documentation.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes not falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) and qualify as *titoli atipici* ("**atypical securities**") pursuant to Article 5 of Decree No. 512, including Notes intended to qualify as Tier II Capital for regulatory capital purposes, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 -114 of Law No. 232 and to Article 1, paragraphs 211 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and as further amended by Article 1, paragraph 26 of Law No. 234 as from 1 January 2022, and, for long-term savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, to Article 13-bis of Law Decree No. 124, as amended and supplemented by Article 136 of Law Decree No. 34, by Article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234.

## Capital Gains

### *Italian resident Noteholders*

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- (a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;
- (b) an Italian resident partnership not carrying out commercial activities (other than a *società in nome collettivo* or a *società in accomandita semplice* or a similar partnership) or a *de facto* partnership not carrying out commercial activities;
- (c) an Italian private or public institution (other than a company), a trust not carrying out mainly or exclusively commercial activities,

on any sale or transfer for consideration of the Notes or redemption thereof. Under certain conditions and limitations, Noteholders may set off any capital losses with their capital gains.

Under the so called "*regime della dichiarazione*" (the "**Tax Declaration Regime**"), which is the standard regime for taxation of capital gains for Italian-resident individuals Noteholders under a) to c) above not engaged in an entrepreneurial activity to which the Notes are connected, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains net of any relevant incurred capital losses of the same kind realised by the relevant Italian-resident individual holding the Notes pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the Tax Declaration Regime, holders of the Notes who are:

- (a) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- (b) Italian resident partnerships not carrying out commercial activities;
- (c) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised by Italian-resident individuals Noteholders under a) to c) above holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime provided for by Article 7 of Decree No. 461 upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 211 – 215, of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and as further amended by Article 1, paragraph 26 of Law No. 234 as from 1 January 2022, and, for long-term savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, to Article 13-*bis* of Law Decree No. 124, as amended and supplemented by Article 136 of Law Decree No. 34, by Article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234. According to Article 1 (219-226) of Law 30 December 2020, No. 178, as supplemented by Article 1 (912) of Law No. 234, under certain conditions, if the Notes are included in a long-term savings account that meets specific requirements, capital losses realised upon sale or redemption of the Notes give rise to a tax credit amounting to the lower of the capital losses and (i) the 20% of the amount invested in the long-term saving accounts for investments made by 2021 or (ii) the 10% for investments made by 2022.

In the case of Notes held by Funds, SICAVs and SICAFs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident real estate investment fund or an Italian real estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or real estate SICAF. The income of the real estate fund or of the real estate SICAF, depending on the status and percentage of participation by the unitholders/shareholders, is (i) directly subject to tax in their hands or (ii) subject to a withholding tax at the rate of 26 per cent. upon distribution or redemption or disposal of the units/shares.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain limitations and requirements (including a

minimum holding period), capital gains realised in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Law No. 232, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232 and to Article 1, paragraphs 210 – 215, of Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and as further amended by Article 1, paragraph 26 of Law No. 234 as from 1 January 2022, and, for long-term savings account established from 1 January 2020, to Article 13-*bis* of Law Decree No. 124, as lastly amended and supplemented by article 136 of Law Decree No. 34, by article 68 of Law Decree No. 104 and by article 1, paragraph 27 of Law No. 234.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

### ***Non-Italian resident Noteholders***

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Presidential Decree No. 917 of 22 December 1986, as subsequently amended and supplemented, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a state or territory listed in the White List as defined above, and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors, not subject to tax, established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and
- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

### **Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3 October 2006, converted with amendments by Law No. 286 of 24 November 2006 effective from 29 November 2006, and Law No. 296 of 27 December 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) of Italian residents and non-Italian residents (but in such latter case limited to assets held within the Italian territory – which, for presumption of law, includes bonds issued by Italian resident issuers) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and
- (d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

If the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

The mortis causa transfer of financial instruments included in a long-term savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 211 – 215 of Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and as further amended by Article 1, paragraph 26 of Law No. 234 as from 1 January 2022, and, for long-term savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, under Article 13-bis of Law Decree No. 124, as amended and supplemented by Article 136 of Law Decree No. 34, by Article 68 of Law Decree No. 104 and by Article 1, paragraph 27 of Law No. 234, are exempt from inheritance taxes.

### **Transfer tax**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200; (ii) private deeds (*scritture private non autenticate*) are subject to fixed registration tax only in case of use or voluntary registration or occurrence of the so called "*enunciazione*".

### **Tax Monitoring Obligations**

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), according to Law Decree No. 167 of 28 June 1990 converted into law by Law No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes directly or indirectly held abroad during each tax year, regardless of the value of such assets. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual economic owner thereof for the purpose of anti-money laundering legislation.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

### **Stamp duty**

Pursuant to Article 13 par. 2 *ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent

by a financial intermediary to their clients in respect of any financial product and instrument (including the Notes), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Wealth tax on financial assets deposited abroad**

According to Article 19 of Law Decree No. 201 of 6 December 2011, converted into law by Law No. 214 of 22 December 2011, as amended by Article 1(710)(d) of Law 27 December 2019, No. 160 and Article 134 of Law Decree No. 34, individuals, non-commercial entities, non-commercial partnerships (so called *società semplici*) and similar entities in accordance with Article 5 of Decree No. 917 which are resident in Italy for tax purposes holding financial assets – including the Notes – outside of the Italian territory are required to declare in its own annual tax declaration and pay a wealth tax (IVAFE) at the rate of 0.2 per cent (the level of tax being determined in proportion to the period of ownership) for each year and it cannot exceed €14,000 for taxpayers which are not individuals.

This tax is calculated on the market value at the end of the relevant year or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets (up to the amount of the Italian wealth tax due). The financial assets held abroad are excluded from the scope of the wealth tax if administered by Italian financial intermediaries pursuant to an administration agreement and the items of income derived from such instruments have been subject to tax by the same intermediaries. In this case, the above mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does apply.

### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.



## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a dealer agreement dated on or about the date hereof (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions for the relevant Notes, the price at which such Notes will be purchased by a Dealer and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of the existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall as a result of any change(s), or any change(s) in official interpretation, after the date hereof of applicable laws and regulations no longer be applicable, but without prejudice to the obligations of the Dealers described in the preceding paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the applicable Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Notes specifies the "*Prohibition of Sales to EEA Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by

this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## Republic of Italy

The offering of the Notes has not been cleared by or registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation.

Without prejudice to the section entitled "*General*" above, each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes nor distribute any copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy, except in circumstances falling within Article 1(4) of the Prospectus Regulation or Article 3(2) of the Prospectus Regulation and Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time.

Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be made in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restrictions above and must be:

- (a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Financial Services Act, CONSOB Regulation No. 20307, as amended from time to time, Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and any other applicable laws or regulations;
- (b) in compliance with Article 129 of the Italian Banking Act, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy, issued on 25 August 2015, as amended; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

## United Kingdom

### *Prohibition of Sales to UK Retail Investors*

Unless the Final Terms in respect of any Notes specifies "*Prohibition of Sales to UK Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom.

For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK MiFIR**").

### **Other UK regulatory restrictions**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA and the regulations adopted thereunder with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **France**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Base Prospectus or any other offering material relating to the Notes except to (a) qualified investors (*investisseurs qualifiés*), as defined in article 2(e) of the Prospectus Regulation, and/or (b) a limited circle of investors (*cercle restreint*) acting for their own account, in accordance with, Articles L. 411-1, L. 411-2 and D. 411-4 of the French *Code monétaire et financier*.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "FIEA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

### **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Switzerland**

This Base Prospectus does not constitute an offer to the public or a solicitation to purchase or invest in any Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that no Notes have been offered or will be offered to the public in Switzerland, except that offers of Notes may be made to the public in Switzerland at any time under the following exemptions under the Swiss Financial Services Act ("**FinSA**"):

- (a) to any person which is a professional client as defined under the FinSA; or
- (b) in any circumstances falling within Article 36 FinSA in connection with Article 44 of the Swiss Financial Services Ordinance,

*provided that* no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 35 FinSA.

The Notes have not been and will not be listed or admitted to trading on a trading venue in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## GENERAL INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

The CSSF has approved this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

### 2. AUTHORISATION

The update of the Programme was authorised by the Board of Directors of the Issuer on 1 June 2023. The Issuer will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### 3. LEGAL AND ARBITRATION PROCEEDINGS

Save as set out in "*Description of the Issuer—Legal Proceedings*" on page 246 of this Base Prospectus, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

### 4. INDEPENDENT AUDITORS

The consolidated annual financial statements of the Issuer as of and for the years ended 31 December 2022 and 31 December 2021 have been prepared by the Issuer in accordance with IFRS and have been audited without qualification by EY S.p.A. as stated in the English translations of their audit reports incorporated by reference in this Base Prospectus.

EY S.p.A., with registered office at Via Meravigli 12, 20123 Milan, Italy, is registered under No. 70945 in the Single Register of Legal Auditors at the Ministry of the Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*). EY S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

On 28 April 2022, the Shareholders meeting of the Issuer appointed PricewaterhouseCoopers S.p.A. as independent auditors of the Issuer for the nine-year period 2023-2031.

PricewaterhouseCoopers S.p.A., is an independent registered public accounting firm, authorized and regulated by the Italian Ministry of Economy and Finance and registered on the special register of auditing firms maintained by the MEF. The registered office of PricewaterhouseCoopers S.p.A. is at Piazza Tre Torri 2, Milan, Italy.

### 5. SIGNIFICANT MATERIAL CHANGE

Since 31 December 2022, there has been no material adverse change in the prospects of the Issuer and its Group and, since 31 March 2023, there has been no significant change in the financial position or financial performance of the Issuer and its Group.

### 6. DOCUMENTS ON DISPLAY

For so long as the Programme remains in effect or any of the Notes are outstanding, copies of the following documents may be inspected in electronic format during normal business hours at the specified office of each Paying Agent:

- (a) the by-laws of the Issuer;
- (b) the Agency Agreement for the English Law Notes in Physical Form;
- (c) the Agency Agreement for the Italian Law Notes in Physical Form;

- (d) the Deed of Covenant;
- (e) the Programme Manual (being a manual containing suggested operating procedures for the Programme);
- (f) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a Regulated Market in the European Economic Area or offered in the European Economic Area or in the UK in circumstances where a base prospectus is required to be published under the Prospectus Regulation will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity);
- (g) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein;
- (h) the audited consolidated annual financial statements of the Issuer as of and for the years ended 31 December 2022 and 2021;
- (i) the most recently published audited or unaudited consolidated (if available) financial statements of the Issuer; and
- (j) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes Physical Form that are in New Global Note form).

A copy of this Base Prospectus, any supplements thereto, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market will also be electronically available for viewing on the Luxembourg Stock Exchange's website ([www.luxse.com](http://www.luxse.com)). A copy of the documents incorporated by reference in this Base Prospectus as well as copies of the documents listed in (a) to (i) above will be electronically available for viewing on the Issuer's website ([www.bancaifis.it](http://www.bancaifis.it)).

## **7. CLEARING OF THE NOTES**

The Notes in Physical Form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the applicable Final Terms. The applicable Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. The address of Euroclear is 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855 Luxembourg, Grand Duchy of Luxembourg.

The Dematerialised Notes have been accepted for clearance by Monte Titoli. The Dematerialised Notes will be in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. (with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy), for the account of the relevant Monte Titoli Account Holders (including Euroclear and Clearstream, Luxembourg). The relevant Final Terms (or Drawdown Prospectus, as the case may be) shall specify any other clearing system as shall have accepted the relevant Dematerialised Notes for clearance together with any further appropriate information.

## **8. CONDITIONS FOR DETERMINING PRICE**

The issue price and the amount of the relevant Notes will be determined at the time of the offering of each Tranche based on then prevailing market conditions.

## **9. POTENTIAL CONFLICTS OF INTEREST**

Certain of the Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates (including parent companies) may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates (including parent companies)

may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates (including parent companies) that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates (including parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Furthermore, the net proceeds from an issue of Notes may also be applied to refinance existing indebtedness of the Issuer in respect of which certain Dealers and/or their affiliates may act as lenders.

The applicable Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

#### **10. COPIES OF ISDA DEFINITIONS**

Investors should consult the Issuer should they require copies of the ISDA Definitions.

#### **11. INFORMATION ABOUT THE ISSUER**

Banca Ifis S.p.A. is an independent bank incorporated on 5 August 1983 as a company limited by shares (*società per azioni*) in Italy in accordance with the provisions of the Italian Civil Code, with a duration until 31 December 2050. The Issuer has its registered office at Via Terraglio, 63, Mestre – Venice, Italy (telephone number +39 041 5027511) and is registered with the Companies' Register of Venice under registration number and fiscal code 02505630109. The Issuer is registered with the National Register of Banks under registration number 5508 and is the parent company of the Group. The Group is registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Italian Banking Act under number 5508. The Issuer's website is [www.bancaifis.it](http://www.bancaifis.it). The fully subscribed and paid up capital of the Issuer as of 31 December 2021 amounts to €53,811,095. Since 31 December 2021 there has been no change to the Issuer's share capital. The Issuer's Legal Entity Identifier (LEI) is 8156005420362AE59184.

#### **12. WEBSITES**

Any information contained in any other website specified in this Base Prospectus does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

#### **13. BNP PARIBAS, LUXEMBOURG BRANCH INFORMATION**

BNP Paribas Luxembourg Branch is acting as listing agent in connection with the Programme and the Notes. BNP Paribas Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

Further information on the international operating model of BNP Paribas, Luxembourg Branch may be provided upon request.

**REGISTERED OFFICE OF THE  
ISSUER AND PAYING AGENT (FOR THE DEMATERIALISED NOTES)**

**Banca Ifis S.p.A.**  
Via Terraglio 63  
30174 Mestre (VE)  
Italy

**ARRANGER**

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar  
28660, Boadilla del Monte, Madrid  
Spain

**DEALERS**

**Banca Akros S.p.A.**  
Viale Eginardo, 29  
20149 Milan  
Italy

**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
D02 RF29  
Ireland

**Crédit Agricole Corporate and Investment Bank**  
12 Place des États-Unis  
CS 70052, 92547  
Montrouge Cédex  
France

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Deutsche Bank Aktiengesellschaft**  
Mainzer Landstr. 11-17  
60329 Frankfurt am Main  
Germany

**Goldman Sachs International**  
Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

**Intermonte SIM S.p.A.**  
Galleria De Cristoforis 7/8  
20122 Milan  
Italy

**Intesa Sanpaolo S.p.A.**  
Divisione IMI Corporate & Investment Banking  
Via Manzoni 4  
20121 Milan  
Italy

**J.P. Morgan SE**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

**Mediobanca – Banca di Credito Finanziario  
S.p.A.**  
Piazzetta Enrico Cuccia,  
1 20121 Milan  
Italy

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**NatWest Markets N.V.**  
Claude Debussylaan 94  
Amsterdam 1082 MD  
The Netherlands

**Nomura Financial Products Europe GmbH**  
Rathenauplatz 1  
60313, Frankfurt-am-Main  
Germany

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar  
28660, Boadilla del Monte, Madrid  
Spain

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France



**Stifel Europe Bank AG**  
Kennedyallee 76  
60596 Frankfurt  
Germany

**UBS Europe SE**  
Bockenheimer Landstraße 2-4,  
60306 Frankfurt am Main  
Germany

**UniCredit Bank AG**  
Arabellastrasse, 12  
81925 Munich  
Germany

**AGENT (FOR THE NOTES IN PHYSICAL FORM)**

**BNP Paribas, Luxembourg Branch**  
60, Avenue J.F. Kennedy  
L 1855 Luxembourg  
Grand Duchy of Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to Italian law:*

**Bonelli Erede Lombardi Pappalardo Studio Legale Associato**  
via Barozzi, 1  
20122 Milan  
Italy

*To the Dealers as to Italian and English law:*

**Clifford Chance Studio Legale Associato**  
Via Broletto, 16  
20121 Milan,  
Italy

**INDEPENDENT AUDITORS TO THE ISSUER**

**EY S.p.A.**  
Via Meravigli 12  
20123 Milan  
Italy

**PricewaterhouseCoopers S.p.A.**  
Piazza Tre Torri, 2  
20145 Milan  
Italy

**LISTING AGENT**

**BNP Paribas, Luxembourg Branch**  
60, Avenue J.F. Kennedy  
L 1855 Luxembourg  
Grand Duchy of Luxembourg