



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

**€3,000,000,000**

### **Euro Medium Term Note Programme**

Under the €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), which constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), ICCREA Banca S.p.A. (the "**Issuer**") may from time to time issue certain non-equity securities in bearer form denominated in any currency, as described in further detail herein. The notes issued by the Issuer may be governed by English law (the "**English Law Notes**") or by Italian law (the "**Italian Law Notes**" and together with the English Law Notes, the "**Notes**").

This Base Prospectus has been approved as a base prospectus by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), as 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. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes. The CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the Luxembourg law dated 16 July 2019 (the "**Luxembourg Prospectus Law**").

Application has been made by the Issuer for Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, "**MiFID II**"). The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes will be issued by the Issuer to raise funds for its general funding purposes or, if so specified in the applicable Final Terms document (the "**Final Terms**"), for financing or refinancing green, social or sustainable projects, as the case may be, in accordance with the principles set out by the International Capital Market Association ("**ICMA**") (respectively, the Green Bond Principles ("**GBP**"), the Social Bond Principles ("**SBP**") or the Sustainability Bond Guidelines ("**SBG**"). The Notes will be issued in series (each, a "**Series**") and each Series may be issued in one or more tranches (each, a "**Tranche**"). The terms of each Series will be set forth in the relevant Final Terms prepared in relation thereto in accordance with the provisions of this Base Prospectus.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date of approval (being 17 September 2020) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "**EEA**") or the United Kingdom (the "**UK**"). The expiry date of the validity of the Base Prospectus is 17 September 2021.

Amounts payable under the Notes may be calculated by reference to EURIBOR, or to LIBOR, in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("**EMMI**"), and LIBOR is provided and administered by ICE Benchmark Administration Limited ("**ICE**"). At the date of this Base Prospectus, ICE and EMMI are authorised as benchmark administrators, and included on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**").

As more fully set out in "Taxation", payments of interest, premium and other income on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) are subject in principle to a

substitutive tax (referred to as the *imposta sostitutiva*), in certain circumstances. *Imposta sostitutiva* is levied at the rate of 26 per cent. In order to obtain exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other income relating to the Notes, each Noteholder not resident in the Republic of Italy is generally required to certify, *inter alia*, that such Noteholder is eligible for the exemption, as more fully set out in "Taxation".

Pursuant to the Programme, the Issuer may from time to time issue Notes in bearer form denominated in any currency agreed between the Issuer and one or more of the dealers named on page 2 and any additional dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"). Notes admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Member State of the European Economic Area or the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation will not have a denomination of less than €100,000 (or its equivalent in other currencies calculated as described herein). The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Issuer has been assigned public ratings by Fitch Ratings Ireland Limited ("**Fitch**") on the 24 March 2020 as 'BB-', by DBRS ("**DBRS**") on 2 April 2020 as 'BBB (low)' and by S&P Global Ratings Europe Limited ("**S&P**") on 26 March 2020 as 'BB'. Fitch, DBRS and S&P are established in the EEA or in the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Fitch, DBRS and S&P appear on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

**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.**

***Investing in Notes issued under the Programme involves certain risks. The risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.***

*Arranger*

**MEDIOBANCA – Banca di Credito Finanziario S.p.A.**

*Dealers*

<b>IMI – Intesa Sanpaolo</b>	<b>Barclays</b>
<b>BNP PARIBAS</b>	<b>Citigroup</b>
<b>Commerzbank</b>	<b>Crédit Agricole CIB</b>
<b>Credit Suisse</b>	<b>DZ BANK AG</b>
<b>Goldman Sachs International</b>	<b>HSBC</b>
<b>ICCREA Banca S.p.A.</b>	<b>MEDIOBANCA – Banca di Credito Finanziario S.p.A.</b>
<b>MPS Capital Services</b>	<b>Natixis</b>
<b>NatWest Markets</b>	<b>Nomura</b>
<b>Rabobank</b>	<b>Raiffeisen Bank International AG</b>
<b>Société Générale Corporate &amp; Investment Banking</b>	<b>UniCredit Bank</b>

The date of this Base Prospectus is 17 September 2020

## IMPORTANT NOTICES

This document constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

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

The Issuer has confirmed to the Dealers that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which the Issuer believes to be (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions, expectations or intentions expressed herein are honestly held or made and are not misleading in any material respect; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the Programme and the issue, offering and sale of the Notes, make any statement therein, or opinions or intentions expressed therein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

This Base Prospectus should be read and construed together with any supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. 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 supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer or any of its subsidiaries since the date thereof or, if later, the date upon which this Base Prospectus has been most recently 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 may only be used for the purposes for which it has been published. 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. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "**Subscription and Sale**".

In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and none of them should be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise), business, prospects or general affairs of the Issuer and its subsidiaries.

**IMPORTANT – EEA AND UK RETAIL INVESTORS** - If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA and 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 EEA or the UK. 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; (ii) a customer within the meaning of Directive 2016/97 ("**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 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or UK may be unlawful under the 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 such 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 at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of that Tranche, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes, calculated in accordance with the provisions of the Dealer Agreement (as defined under "**Subscription and Sale**")). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject

to compliance with the relevant provisions of the Dealer Agreement as defined under "**Subscription and Sale**".

Notes issued pursuant to the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Issuer. Details of the rating, if any, attributable to a Tranche of Notes will be specified in the relevant Final Terms. A 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. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the EEA or UK and registered under Regulation (EU) No. 1060/2009 as amended (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and Registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation.

In this Base Prospectus, unless otherwise specified or where the context requires otherwise: references to a "**Member State**" are references to a Member State of the European Economic Area; references to a "**Condition**" are to the correspondingly numbered provision set forth in the terms and conditions of the English Law Notes (the "**Terms and Conditions of the English Law Notes**") or the terms and conditions of the Italian Law Notes (the "**Terms and Conditions of the Italian Law Notes**" and, together with the Terms and Conditions of the English Law Notes, the "**Terms and Conditions of the Notes**", or the "**Conditions**"); references to "€", "EUR" or "euro" are to the currency introduced at the start of the third stage of 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; references to "U.S.\$", "U.S. dollars" or "dollars" are to the lawful currency for the time being of the United States; references to "£" and "Sterling" are to the lawful currency for the time being of the United Kingdom; and references to "**billions**" are to thousands of millions.

The Terms and Conditions of the English Law Notes include summaries of, and are subject to, the detailed provisions of an agency agreement dated 17 September 2020 (as amended, supplemented and/or restated from time to time, the "**Agency Agreement for the English Law Notes**"). In respect of the Italian Law Notes, the Terms and Conditions of the Italian Law Notes include summaries of, and are subject to, the detailed provisions of an agency agreement dated 17 September 2020 (as amended, supplemented and/or restated from time to time, the "**Agency Agreement for the Italian Law Notes**").

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.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

**In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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 relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have 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 the Notes 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 any relevant indices and 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 Notes which are complex financial instruments unless it 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.

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 its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate

regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **MARKET INFORMATION AND STATISTICS**

Unless otherwise indicated, information and statistics presented in this Base Prospectus regarding the market share of the Issuer are either derived from, or are based upon, the Issuer's analysis of data obtained from public sources. Although these sources are believed by the Issuer to be reliable, the Issuer has not independently verified such information, but the Issuer takes responsibility for the correct reproduction of such information.

## **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.



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## GENERAL DESCRIPTION OF THE PROGRAMME

*This section is a general description of the Programme for the purposes of Article 25.1(b) of Commission Delegated Regulation (EU) 2019/980 (as amended). This description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in the Base Prospectus have the same meaning in this description.*

<b>Issuer:</b>	ICCREA Banca S.p.A.
<b>Issuer Legal Entity Identifier (LEI):</b>	NNVPP80YIZGEY2314M97
<b>Arranger:</b>	Mediobanca - Banca di Credito Finanziario S.p.A.
<b>Dealers:</b>	<p>Intesa Sanpaolo S.p.A., Barclays Bank Ireland PLC, Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, ICCREA Banca S.p.A., Mediobanca - Banca di Credito Finanziario S.p.A., MPS Capital Services S.p.A., Natixis, NatWest Markets N.V., NatWest Markets Plc, Nomura International plc, Raiffeisen Bank International AG, Société Générale, 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.</p> <p>The Issuer may from time to time terminate the appointment of any Dealer under the Programme, or appoint additional Dealers either in respect of one or more Tranches or generally in respect of the Programme.</p>
<b>Fiscal Agent and Luxembourg Paying Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Luxembourg Listing Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Listing, Approval and Admission to Trading:</b>	<p>Application has been made to the CSSF to approve this document as a base prospectus in compliance with the Prospectus Regulation. Application has also been made for Notes issued under the Programme to be listed on the Official List of and admitted to trading on the regulated market 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</p>

between the Issuer and the relevant Dealer in relation to each Series as specified in the Final Terms. Notes may also be issued which are neither listed nor admitted to trading on any market.

**Clearing Systems:** Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream Banking** ") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

**Initial Programme Amount:** Up to €3,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

**Issuance in Series:** Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. Notes 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 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 Terms and Conditions of the English Law Notes or the Terms and Conditions of the Italian Law Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus.

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**", in such case a drawdown prospectus will be made available and will describe the effect of the agreement in relation to such Notes.

**Forms of Notes:** Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is specified in the relevant Final Terms as a Classic Global Note (each a "**Classic Global Note**" or "**CGN**") will be deposited on or around the

relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream Banking and/or any other relevant clearing system and each Global Note which is specified in the relevant Final Terms as a New Global Note (each a "**New Global Note**" or "**NGN**") will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream Banking. New Global Notes are intended to be held in a manner which would allow Eurosystem eligibility, such eligibility depending upon satisfaction of the Eurosystem eligibility criteria.

Notes that are not listed on the Official List of the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system *provided that* the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons and a Receipt for Instalment Notes.

**Currencies:**

Notes may be denominated in euro, U.S. dollars or Sterling or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Status of the Notes:**

Notes issued by the Issuer may be either senior preferred ("**Senior Preferred Notes**"), senior non-preferred ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated ("**Subordinated Notes**") as described below.

The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. The payment obligations of the Issuer under the Senior Preferred Notes and the Receipts or Coupons

related to them shall at all times rank (save for certain obligations required to be preferred by law, including any obligations permitted by law to rank senior to the Senior Preferred Notes following the Issue Date, if any) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding (other than obligations ranking junior to the Senior Preferred Notes from time to time, including any obligations under Senior Non-Preferred Notes and any further obligations permitted by law or by their terms to rank junior to the Senior Preferred Notes following the Issue Date, if any), as described in Condition 4 (*Status of the Senior Preferred Notes*).

The Senior Non-Preferred Notes will constitute direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer that are intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer in accordance with, and for the purposes of, Article 12-*bis* of the Consolidated Banking Law. The payment obligations of the Issuer under the Senior Non-Preferred Notes and the Receipts or Coupons related to them shall at all times rank:

- (i) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes);
- (ii) *pari passu* among themselves and with any 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 Senior Non-Preferred Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

in all such cases in accordance with the provisions set forth in Article 91, paragraph 1-*bis*, letter c-*bis*) of the Consolidated Banking Law and any relevant regulation which may be enacted from time to time for the purposes of implementing such provisions and/or any laws,

regulations or guidelines implementing the rules set forth in the Bank Creditor Hierarchy Directive, as described in Condition 5 (*Status of the Senior Non-Preferred Notes*).

The Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer that are intended to qualify for regulatory purposes as Tier 2 Instruments to be included in the Tier 2 Capital of the Issuer in accordance with Article 63 of the CRR and Part II, Chapter 1 of Circular No. 285 (or any successor rules under the Applicable Banking Regulations), as described in Condition 6 (*Status of the Subordinated Notes*). The payment obligations of the Issuer under the Subordinated Notes and the Receipts or Coupons related to them shall at all times rank:

- (i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes;
- (ii) *pari passu* among themselves and with any 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 Subordinated Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer).

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

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 (in the case of the English Law Notes only), or vary the terms of the Subordinated Notes subject to Condition 17(c) (*Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event*).

**Modification or Substitution of Senior Notes and Senior Non-**

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

**Preferred Notes following a MREL Disqualification Event** holders of Senior Preferred Notes or Senior Non-Preferred Notes substitute new notes for the Senior Preferred Notes or Senior Non-Preferred Notes whereby such new notes shall replace the Senior Preferred Notes or Senior Non-Preferred Notes (in the case of the English Law Notes only), or vary the terms of the Senior Preferred Notes or Senior Non-Preferred Notes subject to Condition 17(d) (*Modification or Substitution of Senior Notes and Senior Non-Preferred Notes following a MREL Disqualification Event*).

**Issue Price:** Notes may be issued at any price, as specified in the relevant 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.

**Maturity Period:** Any Maturity Period as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities 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 Issuer or the relevant Specified Currency.

In the case of Senior Non-Preferred Notes, pursuant to Article 12-*bis*, paragraph 1, letter a), of the Consolidated Banking Act, the Maturity Date shall not fall earlier than twelve months after their Issue Date.

In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the requirements of the Relevant Authority (as defined in the Terms and Conditions) 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).

#### **Notes having a Maturity Period of less than one year**

Where Notes have a Maturity Period 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 FSMA by the Issuer.

**Redemption:**

Subject to any purchase and cancellation, early redemption or repayment or redemption of Instalment Notes, Notes will be redeemed at par as specified in the relevant Final Terms.

The applicable Final Terms may provide that the Notes may be redeemed in two or more instalments in such amounts and on such dates as may be indicated in such Final Terms.

The relevant Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default or, in the case of Subordinated Notes, for regulatory reasons) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The redemption of Senior Notes and Senior Non-Preferred Notes pursuant to Conditions 10(b) (*Redemption for Taxation Reasons*), 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), 10(e) (*Redemption at the Option of the Issuer*) and 10(f) (*Partial redemption*) shall be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements) and (ii) in case of Senior Non-Preferred Notes only, 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 (as described in Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*)).



The redemption at maturity of Subordinated Notes pursuant to Condition 10(a) (*Scheduled redemption*) and any early redemption pursuant to Conditions 10(b) (*Redemption for Taxation Reasons*), 10(c) (*Redemption for Regulatory Reasons*), 10(e) (*Redemption at the Option of the Issuer*) and 10(f) (*Partial redemption*) shall be subject to the prior approval of the Relevant Authority to the extent required by and in accordance with the Applicable Banking Regulations. 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.

**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 Preferred 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, early redemption may occur only with the prior approval of the Relevant Authority. In the case of Senior Notes and Senior Non-Preferred Notes, early redemption shall be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by applicable laws and regulations.

**Tax or Regulatory Redemption:**

Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption for tax reasons*), or in the case of Subordinated Notes, for regulatory reasons as described in Condition 10(c) (*Redemption for regulatory reasons*).

**Interest:**

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

**Fixed Rate Notes:** Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes:** Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, EURIBOR or ECB Interest Rate as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**CMS Linked Interest Notes:** Payments of interest in respect of CMS Linked Interest Notes will be calculated by reference to the CMS Rate as may be specified in the relevant Final Terms.

**Zero Coupon Notes:** Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Interest Periods and Interest Rates:** The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Benchmark Discontinuation:**

Condition 8(j) (*Benchmark Discontinuation*) provides for certain fallback arrangements in the event that a Benchmark Event (as described in Condition 8(j)) occurs in relation to an Original Reference Rate at any time when the Conditions provide for any remaining Rate of Interest (or any component part(s) thereof) to be determined by reference to such Original Reference Rate. In such event, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any), as well as any Benchmark Amendments. See Condition 8(j) (*Benchmark Discontinuation*) for further information.

**Denominations:**

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or UK or offered to the public in a Member State of the Economic Area or the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency). If the Final Terms so specify, and for so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, Notes may be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

Senior Non-Preferred Notes will have a denomination of at least €250,000 (or, where the Senior Non-Preferred Notes are denominated in a Specified Currency other than Euro, the equivalent amount in such other Specified Currency).

**Negative Pledge:**

None.

**Cross Default**

The Events of Default in respect of the Senior Notes and the Subordinated Notes are limited to circumstances in which the Issuer becomes subject to winding-up or an analogous event as set out in Condition 13 (*Events of Default*).

**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 to certain exceptions as provided in Condition 12 (*Taxation*)) pay such additional amounts in respect of principal and interest for the Senior Notes (if permitted by the MREL Requirements) and in respect of interest only for the Subordinated Notes, 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*), 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, as amended

and supplemented, 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.

**Governing Law of the English Law Notes:**

English law, including all non-contractual obligations arising from or connected therewith, except for Conditions 4 (*Status of the Senior Preferred Notes*), 5 (*Status of the Senior Non-Preferred Notes*), 6 (*Status of the Subordinated Notes*) and 23 (*Contractual recognition of bail-in powers*) and any non-contractual obligations arising from or connected therewith, which are governed by, and shall be construed in accordance with, Italian law.

**Governing Law of the Italian Law Notes:**

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

**Enforcement of Notes in Global Form:**

In the case of Global Notes for the English Law Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 17 September 2020 a copy of which will be available for inspection at the specified office of the Fiscal Agent.

**Ratings:**

The Issuer has been assigned public ratings by Fitch Ratings Ireland Limited ("**Fitch**") on 24 March 2020 as 'BB-', by DBRS ("**DBRS**") on 2 April 2020 as 'BBB (low)' and by S&P Global Ratings Europe Limited ("**S&P**") on 26 March 2020 as 'BB'. Fitch, DBRS and S&P are established in the EEA or in the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Fitch, DBRS and S&P appear on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

Notes issued pursuant to the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Issuer. Details of the rating, if any, attributable to a Tranche of Notes will be specified in the relevant Final Terms. **A 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.**

Whether or not each credit rating applied for in relation to relevant Tranche of Notes will be issued by a credit

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

**Selling Restrictions:**

There are certain restrictions on the offer, sale and transfer of the Notes. For a description of such restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the Republic of Italy and Japan, see "*Subscription and Sale*" below.

**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*" below and include risks relating to competition and other operating and general banking risks, such as credit risk and interest rate risk. 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. Factors which the Issuer believes 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 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.*

*Prospective investors should also read the detailed information set out elsewhere and incorporated by reference in this Base Prospectus and consider carefully whether an investment in the Notes is suitable for them in light of the information contained herein and their personal circumstances, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.*

*Words and expressions defined in "**Terms and Conditions of the English Law Notes**" and "**Terms and Conditions of the Italian Law Notes**" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the whole of this Base Prospectus, including the information incorporated by reference. Unless otherwise specified, the term "**Terms and Conditions**" or "**Conditions**" shall refer to both the Terms and Conditions of the English Law Notes and the Terms and Conditions of the Italian Law Notes and any reference to a "**Condition**" shall be to both a Condition under the Terms and Conditions of the English Law Notes and a Condition under the Terms and Conditions of the Italian Law Notes.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

The risks below have been classified into the following categories:

1. Risks related to the financial situation of the Issuer
2. Risks related to the Issuer's business activities and the market where the Issuer operates
3. Risks related to the legal and regulatory framework

#### ***Risks related to the financial situation of the Issuer***

*The Issuer's financial performance is affected by the general economic conditions, in particular in the Republic of Italy and Europe*

Adverse changes or a general deterioration in the Italian, European or global economic conditions, or arising from systemic risks in the financial system, could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful loans and other provisions.

The Issuer is not a retail bank and its core institutional role is to provide key financial and credit services to the network of Banche di Credito Cooperativo (the "**BCCs**").

The BCCs' asset quality is exposed to domestic economic weakness through the composition of their loan portfolio, mainly to households, small enterprises and artisans. Sustained loan growth in the past few years, coupled with high loan portfolio concentration in the real estate sector for some BCCs, makes their credit risk vulnerable to the domestic economic environment.

There has been a recent outbreak of respiratory disease caused by a new coronavirus ("COVID-19") which has now been detected in most countries globally, including Italy and in March 2020 was characterised by the World Health Organisation as a pandemic. This has led to volatility in the capital markets, which may lead to volatility in or disruption of the credit markets at any time and may adversely affect the value of the Notes. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. These additional risks may prejudice the Issuer's ability to fully implement its Transformation Plan (as defined in 'The Group's 2020-2023 strategic plan' within the *Description of the Issuer* below), impact on the Issuer's profitability, in particular in terms of operating income and cost of risk, and therefore materially and adversely affect the Issuer's ability to make payments on the Notes and the liquidity thereof.

If the spread of COVID-19 increases or persists for a significant period of time, or 'second wave' restrictions or other measures are put in place, this could have a material negative impact on the global economy. Investors should note the risk that COVID-19, or any governmental or societal response to COVID-19, may affect the business activities and financial results of the Issuer and the Group, and/or may impact on the ability of the Issuer to make payments on the Notes.

#### *Historical Information and availability of Financial Information*

The historical, financial and other information set out in the section headed "*Description of the Issuer*" represents the historical experience of the Issuer. There can be no assurance that the future experience and performance of the Issuer will be similar to the past experience described in this Base Prospectus.

In particular, investors should be aware that the Audited Consolidated Financial Information as at and for the year ended 31 December 2018 incorporated by reference herein and set out in the section headed "*Description of the Issuer*" do not reflect the composition of the Group as at the date of this Base Prospectus as the Group has recently changed under a corporate reorganisation, as described in more detail in the section "*Description of the Issuer – Recent Events*". Therefore, investors should note that the financial information as at 31 December 2018 is not comparable with the consolidated financial information as at 30 June 2019 and 31 December 2019, incorporated by reference herein and set out in the section headed "*Description of the Issuer*", as the composition of the Group has changed.

#### *Risk connected to the individual loss recognised at the end of the 2019 financial year*

The Issuer's results as at and for the year ended 31 December 2019 reflect a loss of Euro 127.4 million, due to the occurrence of some extraordinary events.

The structure of the Issuer's income statement was significantly altered in 2019 in response to the need for a reorganisation of the Issuer in light of its new role as group head company (*capogruppo*) of the Group. In particular, it became necessary to alter the size of the Issuer's

operating and control units, and to invest in establishing a regulatory and operational framework for what has become a new and more complex banking group. These structural changes were put in place at a time characterised by many regulatory changes that called for an extraordinary commitment of financial resources and human capital.

Factors that impacted on the Issuer's financial performance for the year 2019 include:

- a reduction in the Issuer's net interest income (Euro 31.8 million) due to the decrease in interest rates and consequent generalised drop in yields on both securities and lending, accompanied by a shift in transactions involving the BCCs that favoured forms of secured funding while maintaining high levels of liquidity deposited with the Issuer;
- a decrease in the Issuer's net fee and commission income (Euro 21.8 million) attributable to its electronic money business and extraordinary state-guarantee backed securitisation transactions;
- the increase in dividends received from Group companies (Euro 2.4 million);
- the increase in other operating income due to new services billed to the BCCs (Euro 68.1 million) and the recovery of project costs (Euro 15.6 million); and
- an increase of operating expenses of Euro 95 million as a result of increased costs of personnel and IT.

The Issuer's financial performance was also affected by the need to recognise the impairment of certain controlling interests, particularly in Iccrea Banca Impresa S.p.A., totalling Euro 77 million. This was done due to misalignments arising in conjunction with the first-time adoption of International Financial Reporting Standards 9 ("**IFRS 9**") and its impact on equity reserves.

However, it is important to note that the loss of Euro 127.4 million in 2019 is also the result of a conscious policy to reduce the Group's risk profile in response to the write-down of a portfolio of non-performing loans (securitised with notes held by the Issuer) acquired, prior to the creation of the Group, by the BCCs, that featured high levels of risk. This risk reduction exercise was carried out by applying a sale scenario in compliance with IFRS 9, with write-downs in the amount of Euro 38 million.

Prospective investors should note that further downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete. This could affect the business activities and financial results of the Issuer and, in turn, the Issuer's ability to make payments under the Notes.

### ***Risks related to the Issuer's business activities and the market where the Issuer operates***

#### *Global market conditions*

The Group's (and therefore the Issuer's) performance is affected by the financial markets and the macroeconomic and political environment of the countries in which it operates. Expectations regarding the performance of the global economy remain highly uncertain in both the short term and medium term. Material adverse effects on the business and profitability of the Issuer may also result from further developments of the monetary policies and additional events occurring on an extraordinary basis (such as political instability, terrorism and any other



similar event occurring in the countries where it operates and, as recently experienced, a pandemic emergency). Furthermore, the economic and political uncertainty of recent years has also introduced a considerable volatility and uncertainty in the financial markets.

The current macroeconomic situation is characterised by high levels of uncertainty, mainly due to: (i) impact of government and international bodies' responses to COVID-19 on global growth and individual countries; (ii) the U.S.-driven trend towards protectionism; (iii) the uncertain outcome of the commercial dispute between the US and China, which could have an effect on international trade and therefore global production; (iv) Brexit and the uncertain future relationship between the United Kingdom and the European Union; (v) future developments in the European Central Bank (the ECB) and Federal Reserve (FED) monetary policies; (vi) the sustainability of the sovereign debt of certain countries and the related, repeated shocks to the financial markets; and (vii) the potential negative impacts on the economy arising from climate change and global warming at both world and national level.

As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

#### *Credit Risk*

The business, economic and financial solidity of the Issuer, as well as its profits, are exposed to the traditional risks related to credit activity and depends, amongst other things, on customers and counterparties complying with their payment obligations, and on the credit rating of customers.

A number of factors affect a bank's credit risk in relation to individual credit exposures or for its entire loan book. These include the trend in general economic conditions or those in specific sectors, changes in the rating of individual counterparties, deterioration in the competitive position of counterparties, poor management by firms or counterparties given lines of credit, and other external factors, also of a legal and regulatory nature.

Risk management methodologies, assessments and processes used by the Issuer to identify, measure, evaluate, monitor, prevent and mitigate any risks to which the Issuer is or might be exposed, are intended to guarantee adequate capital resources and an adequate liquidity profile of the Group. These include (i) the continued reduction of the non-performing loan stock, (ii) recovery actions in respect of non-performing exposures and (iii) the setting up of a target model for the management and recovery of bad loans. However, such actions might not be sufficient to protect the Group against, for example, unexpected changes in the creditworthiness of a counterparty. In addition, following the COVID-19 outbreak, it cannot be excluded that credit quality for the year 2020 could be influenced with the potential impact not yet quantifiable.

#### *Risks arising from the sovereign debt crisis*

The Issuer is affected by disruptions and volatility in the global financial markets including, in recent years, the sovereign debt crisis in the Euro-zone. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Euro-zone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and

fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

Furthermore, the Issuer's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and make it more likely that the credit rating of Notes issued under the Programme are downgraded.

As at 31 December 2019, the Issuer's exposure to securities issued by the Italian government amounted to Euro 7,583,003,418, compared to approximately Euro 6,863,085,273 as at 31 December 2018.

As at 31 December 2019, the Issuer's investments in sovereign debt securities issued by EU Countries corresponded to Euro 7,779,345,583 compared to Euro 6,863,186,432 as at 31 December 2018.

Securities issued by governments, central banks and other public entities collectively represented approximately 61.04 per cent. of the Issuer's total financial assets as at 31 December 2019, compared to approximately 54.72 per cent. as at 31 December 2018.

Any further deterioration in the credit quality of securities issued by governments, central banks and other public entities held by the Issuer could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

#### *Market risk*

The market risk involved in the Issuer's business activities lies in the risk of possible losses arising from changes in the market due to fluctuating or changing interest rates, foreign exchange rates, share prices and prices in general. This risk encompasses both trading book and banking book positions. Positions of risk are the result either of business positions taken for or in respect of customers, or of a deliberate assumption of such positions.

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

#### *Operational Risks*

Operational risk is defined as the risk of suffering losses due to inadequacy or failure of processes, human resources and internal systems, or as a result of external events. Operational risk includes legal risk, which is the risk of losses deriving from breaches of laws or regulations, contractual, out-of-contract liabilities or other disputes, ICT (Information and Communication Technology) risk and model risk. Strategic and reputational risks are not included.

Omissions, mistakes, delays or interruptions by any supplier and, in general, any failure by them to comply with the minimum level of service required might cause adverse effects on the Issuer's business.

Investors should be aware that Issuer's risk management techniques and strategies may not be effective in mitigating its risk exposure in all economic market environments or against all types of risks (especially those due to potential exogenous factors such as external fraud), including risks that the Issuer fails to identify or anticipate.

#### *Liquidity risk*

Liquidity risk is the risk that the Issuer will be unable to meet its payment obligations due to its inability to secure funding or only being able to secure it at above-market costs (funding liquidity risk) or to the possibility of incurring capital losses on the sale of assets (market liquidity risk).

Liquidity risk is identified and monitored using the operational and structural maturity ladder (in order to identify possible negative liquidity gaps in relation to specified maturity structure) and the overall liquidity indicator system (RAS, risk limits, contingencies, and additional metrics), designed to quickly identify potential strains.

During the course of 2019, starting with the launch of the Group, the Group's liquidity position remained within the risk limits set under both internal rules and external regulations. The RAS liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) were within their target ranges at values far above the risk appetite thresholds set when preparing the financial plan, with an increase as at 31 December 2019 since the launch of the Group from 222% to 255% and from 129% to 130%, respectively.

Liquidity buffers at 31 December 2019 totalled around Euro 30.2 billion, about 84% of which was in Italian government securities. In terms of structural liquidity, the regulatory NSFR pointed to adequate levels of stable funding to cover the financing needs generated by the various forms of commercial lending and investment in the financial portfolio.

The Issuer constantly monitors its own and the Group's liquidity and funding risks. However, there can be no assurance that any negative developments in the conditions of the markets, in the general economic environment and/or in the Issuer's credit standing, combined with the need to align the Issuer's liquidity and funding position to regulatory requirements, would not have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or the Group.

#### *Risks associated with the UK's withdrawal from the EU (Brexit)*

On 23 June 2016, in a public referendum, the UK voted to leave the EU ("**Brexit**"). On 29 March 2017, by formal notice of the British Prime Minister, the UK triggered official exit negotiations with the EU. In accordance with Article 50 of the Lisbon Treaty, the EU negotiated a withdrawal agreement with the UK. On 24 January 2020, it was announced that the government of the UK and the EU had executed and entered into a withdrawal agreement (the "**Withdrawal Agreement**"). On 29 January 2020, the European Parliament voted to consent to the Withdrawal Agreement, and on 30 January 2020, the European Council adopted, by written procedure, the decision on the conclusion of the Withdrawal Agreement on behalf of the EU.

On 31 January 2020, upon the UK's exit from the EU, the Withdrawal Agreement entered into force. A transition period began following the date of the UK's withdrawal until 31 December 2020 (the "**Transition Period**"). During the Transition Period, in effect, the UK will continue to be part of the EU Single Market, Customs Union and trade deals. During the Transition Period, the UK and the EU will negotiate their future relationship but may not be able to reach an agreement or may reach a significantly narrower agreement than that envisaged by the political declaration of the European Commission and the UK Government. Therefore, the scope, nature and terms of the relationship between the UK and the EU after the Transition Period remains uncertain; as a result of this, the precise impact on the Issuer is difficult to determine.

The withdrawal by the UK could adversely affect economic and market conditions in the UK, in the EU and its Member States and elsewhere, and could contribute to uncertainty and instability in global financial markets. In particular, the withdrawal by the UK could significantly impact volatility, liquidity and/or the market value of securities, including the Notes. No assurance can be given that such matters would not impact the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market. As such, an investment in the Notes should only be made by investors who understand such risks and are capable of bearing such risks.

### ***Risks related to the legal and regulatory framework***

#### *The Issuer is subject to capital requirements that could limit its operations*

The Issuer, as group head company (*capogruppo*) of the Group, is subject to capital adequacy guidance adopted by the ECB, which provides for a minimum ratio of total capital expressed as a percentage of risk adjusted assets on a consolidated basis. The capital buffer, as provided by the guidance, must be maintained in the form of Common Equity Tier I capital. The Issuer's failure to maintain its ratios would not constitute a breach of the minimum prudential requirements; however, the Issuer might be subject to restrictions upon maximum distributable amounts.

#### *Basel III and Bank Capital Adequacy*

The Issuer must comply with the revised global regulatory standards ("**Basel III**") on bank capital adequacy and liquidity, which impose requirements for, inter alia, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. In terms of banking prudential regulations, the Issuer is also subject to the Bank Recovery and Resolution Directive 2014/59/EU of 15 May 2014 ("**BRRD**", implemented in Italy with the Legislative Decree. 180 and 181 of 16 November 2015) on the recovery and resolution of credit institutions, as well as the relevant technical standards and guidelines from EU regulatory bodies (for example the European Banking Authority ("**EBA**") and the European Securities and Markets Authority ("**ESMA**")), which, inter alia, provide for capital requirements for credit institutions, recovery and resolution mechanisms.

Should the Issuer not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the applicable laws and regulations, it may be required to maintain levels of capital which could potentially impact its credit ratings and funding conditions.

The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU 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 (the "**CRD IV Directive**") and the Regulation (EU) No. 575/2013 (the "**CRR**", together with the CRD IV Directive, the "**CRD IV Package**") subsequently updated in the Regulation N. 2019/876 and Directive (EU) 2019/878 (the "**Banking Reform Package with CRR II and CRDV**"). In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a minimum requirement of own funds and eligible liabilities (the "**Minimum Requirement for Own Funds and Eligible Liabilities**", "**MREL**").

The Banking Reform Package also contains Directive (EU) 2019/879 ("**BRRD II**"), which amended the BRRD, introducing, *inter alia*, significant changes to the standards regarding the calibration of the MREL requirement for banks that are systematically relevant and redefining the scope of the MREL itself. The MREL requirement constrains the Group structure of liabilities and it requires the use of subordinated instruments, in the sense of eligible liabilities, which may impact the costs structure of the Group and potentially the Issuer's financing ability. Prospective noteholders should note that the resolution strategy and the MREL requirement is currently under discussion with the competent Authority.

*Risk related to the European Central Bank inspections at the Issuer and the outcomes of the Supervisory Review and Evaluation Process (SREP)*

Based on the new harmonised framework for supervisory review and evaluation implemented by the ECB, and following completion of the annual supervisory review and evaluation process ("**SREP**") carried out on the Issuer pursuant to Article 4(1)(f) of Council Regulation (EU) No. 1024/2013, the ECB notified the Issuer of its SREP decision on 4 December 2019.

The Issuer (as head group company of the Iccrea Cooperative Banking Group) is required to meet, for 2020, the following capital ratios at consolidated level:

- (i) Total SREP Capital Requirement of 10.5% (including a minimum total capital requirement maintained on an ongoing basis of 8%);
- (ii) an additional Pillar 2 own-funds requirement (to be held in the form of CET 1 capital on an ongoing basis) of 2.5%; and
- (iii) a total capital requirement of 13% (including a capital conservation buffer of 2.5%),

while no specific requirements are imposed on the individual level.

Additionally, the ECB's guidance given in respect of the Issuer's Pillar 2 capital (referred to as Pillar 2 Guidance, or P2G) was set at 1.25%. However, such guidance does not constitute part of the minimum requirements and represents an indication of the capital level adequate as a buffer to withstand stressed situations. Failure to comply with such guidance would not constitute a breach of the Issuer's minimum prudential requirements and is not required to be taken into account for the purposes of any restrictions upon maximum distributable amounts. Moreover, on 8 April 2020, the ECB notified the Issuer that, given the difficulties faced by banking institutions due to the COVID-19 pandemic, the Issuer's additional Pillar 2 own-funds requirement previously set is to be met in the form of CET1 capital for at least 56,25% and in the form of Tier 1 capital for at least 75%.

### *Risks relating to the uncertainty of future stress test or asset quality review tests*

The EBA, together with other supervisory authorities, has decided to perform a further asset quality review for new banking groups under European supervision, including the banking group, in order to verify the classification and measurement of risk exposures, to address potential concerns on the quality of assets held by European banking system. This exercise will be associated with a new stress test, to be performed jointly with the ECB. In this scenario, in the event that the Issuer is identified as vulnerable to asset quality review and the stress scenario designed by the supervisory authority, it may face a potential increase in minimum capital requirements.

### *Evolution of banking prudential regulation*

The banking and financial regulatory framework to which the Group is subject is extremely stringent and detailed and the Issuer is subject to the supervision by the competent supervisory authorities, including ECB, Bank of Italy and CONSOB. In addition, the regulatory framework and supervision activity are subject to ongoing changes in the law and ongoing developments.

Failure to observe any of the legal and regulatory provisions currently in force or any changes relating to the interpretation of the applicable legislation by the competent authorities could negatively impact the operating results and capital and financial position of Iccrea.

### *Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules*

The Group must comply with the contribution obligations required by legislation concerning bank resolution. Upon the occurrence of an increase in the ordinary contributions requested to the Group companies, the profitability of the Group would decrease and the level of capital resources of the issuer and the Group would be adversely affected; should extraordinary contributions be requested to the Group, this could have a negative impact, even significant, on the Group's balance sheet and financial results.

Following the crisis that affected many financial institutions from 2008, various risk-reducing measures have been introduced, both at European level and at individual Member State level. Their implementation involves significant outlays by individual financial institutions in support of the overall banking system.

Ordinary contribution obligations reduce profitability and have a negative impact on the Group's capital resources. It is not possible to rule out that the level of ordinary contributions required from the Group will increase in the future in relation to the development of the amount related to protected deposits and/or the risk relating to the Group compared with the total number of banks committed to paying said contributions.

In addition, it is not possible to rule out that, even in future, as a result of events that cannot be controlled or predetermined, the Deposit Guarantee Scheme, the Single Resolution Fund, the National Resolution Fund and/or the *Fondo Interbancario di tutela dei depositi*, do not find themselves in a situation of having to ask for more, new extraordinary contributions. This would involve the need to record further extraordinary expenses with impacts, including significant ones, on the capital and financial position of the Issuer.

### *Risks arising from the reform of the Cooperative Credit Banks (BCC)*

The Issuer is (pursuant to the applicable legislation) the group head company (*capogruppo*) of the Iccrea cooperating banking group which, in addition to certain subsidiaries of the Issuer, comprises (as of the date of this prospectus) 136 cooperative credit banks (*banche di credito cooperative*) (the "BCCs").

In February 2016, Law Decree No. 18 of 14 February 2016 was published in the Official Gazette of the Italian Republic (as subsequently converted into law with amendments by Law no. 49/2016) (the "**BCC Reform Law**") introducing a series of important reforming measures for Italy's cooperative credit banks. As described in the risk factor below, the Group has recently undergone a corporate reorganisation pursuant to the BCC Reform Law and the Issuer has become group head company (*capogruppo* for the purposes of the BCC Reform Law) of the Iccrea Cooperative Banking Group (*Gruppo Bancario Cooperativo Iccrea*). For further information, please see the section "*Description of the Issuer*".

The BCC Reform Law requires cooperative banks (as an alternative to becoming a company limited by shares (*società per azioni*) and meeting certain other requirements) to be part of a cooperative banking group whose group head company has net assets (*patrimonio netto*) of at least Euro 1 billion, as a prerequisite for obtaining authorisation from the Bank of Italy to carry out banking securities in the form of a cooperative credit bank.

The BCC Reform Law provides that the group head company shall manage and coordinate the activities of the group pursuant to an agreement called a "cohesion contract" (*contratto di coesione*). Such agreement, among other things, regulates the powers of the group head company and contains an inter-group financial support mechanism committing reciprocally any participating cooperative bank, both vertically (as between each cooperative bank and the group head company) and horizontally (as between each cooperative bank in the group).

The liability sharing mechanism has the dual purpose of: (i) jointly guaranteeing the obligations of any cooperative bank in the group in its dealings with a third party (external guarantee) and (ii) providing financial support mechanisms for the solvency and liquidity of the participating cooperative banks (intra-group financial support mechanism). For further information regarding such cross guarantee mechanism in relation to the Group, see the risk factor "*Risks arising out of the guarantee mechanism in the Cohesion Contract*".

The purpose of the intra-group financial support mechanism is to mobilise capital and liquidity within the group in order to be compliant with the regulatory requirements and to satisfy the demands of the supervisory authority avoiding the need to resort to crisis management procedures beyond the cooperative banking group. The mechanism, for the benefit of the cooperative bank ensures that their funding needs are met at all times.

Pursuant to the BCC Reform Law, at least 60% of the group head company's capital must be held by the cooperative banks belonging to the group. The remainder of its share capital may be held by equivalent entities (*e.g.* European banking cooperative groups and foundations (*fondazioni*)) or via the capital markets.

In the case of the Issuer, as at the date of this Base Prospectus, 95.769% of its shares are held by 136 BCCs together with Cassa Centrale Banca del Nord-Est, Raiffeisen Landesbank Sudtirol Cassa Centrale dell'Alto Adige and certain other banks. The remaining portion is owned by certain other entities permitted by the BCC Reform Law. For further information, please see "*Description of the Issuer*".

The Issuer, as group head company, may subscribe "financing shares" (*azioni di finanziamento*) issued by a BCC pursuant to Article 2526 of the Civil Code and therefore help to strengthen the capital structure of the cooperative bank generally, as well as in situations where the cooperative bank is insufficiently capitalised or subject to extraordinary administration (*amministrazione straordinaria*).

Prospective Noteholders should be aware that, as at the date of this Base Prospectus, the provisions of the BCC Reform Law and the implementing regulations of the Bank of Italy in Circular No. 285 of 17 December 2013 (as amended on 2 November 2016) have not yet been tested judicially or by established market practice. Accordingly, it is not possible to predict with certainty the full impact of this legislative reform on the Issuer and its business and, while senior management of the Issuer believes such legislation to be a positive development for the Group, no guarantee can be given regarding its potential impact on the Group's results of operations, business and financial condition and, consequently, on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

The reforms described above are part of an ongoing process of consolidation of the Italian banking sector brought about, in part, from the implementation of European Directives aiming to liberalise and deregulate the banking sector in the European Union, and in particular in Italy, significantly increasing competitive pressure. In the event that the Group is not able to respond to such competition by, amongst other things, providing innovative and profitable products and services to meet the needs of clients, the Group could lose market share in the sectors in which it operates. In addition, as a result of such competition, the Group may fail to maintain or increase business volumes and profit levels that have been achieved in the past, resulting in adverse effects on the Group's results of operations, business and financial condition.

#### *Risk arising from the reorganisation and rationalisation of the Group pursuant to the BCC Reform Law*

The Issuer has recently undergone a substantial corporate reorganisation pursuant to the BCC Reform Law.

On 1 June 2016 the Bank of Italy authorised pursuant to Article 57 of the TUB the reverse merger by incorporation of ICCREA Holding S.p.A. into the Issuer. This reverse merger was carried out to allow the members of the group to comply with provisions of the BCC Reform Law. The Issuer had prior to such merger and as at the date of this Base Prospectus has net assets (*patrimonio netto*) in excess of Euro 1.5 billion and, accordingly, meets the required threshold contained in the BCC Reform Law. Such reorganisation was approved by the board of directors of the Issuer on 26 February 2016, by the shareholders in an Extraordinary General Meeting of the Issuer held on 12 July 2016 and formalised by a merger deed between the Issuer and ICCREA Holding S.p.A. dated 15 September 2016. As a consequence of such merger, effective as of 1 October 2016, the Issuer is now the head group company of the Group. The reverse merger was carried out in order to strengthen the Issuer's group as a whole and in particular from a corporate and regulatory standpoint.

In order to satisfy the objectives outlined within the BCC Reform Law, the Issuer held meetings with local federations of the BCCs and set out a schedule of project activities, which are currently underway. Such activities are being carried out by committees, working groups and project management teams comprising staff from the Issuer, the BCCs and representatives of the BCCs' federations.



On 27 April 2018, the Issuer's board of directors resolved to assume the role of head of the group, and sent to the European Central Bank ("ECB") and the Bank of Italy its request to establish the Iccrea cooperative banking group, to which would adhere 142 BCCs and the establishment of the Group was authorised by the ECB on 24 July 2018.

On 10 January 2019, a shareholders' meeting of the Issuer approved amendments to its by-laws, to bring them in line with the Issuer's new role as head (*capogruppo*) of the Group pursuant to the BCC Reform Law, and to increase the Issuer's share capital by Euro 250 million, from Euro 1.15 billion to Euro 1.4 billion.

On 4 March 2019 the ECB gave final approval to the establishment of the Group, which was then formally registered in the Italian register of banking groups (*Albo dei Gruppi Bancari*) by the Bank of Italy.

No guarantee can be given that the impact of the reorganisation of the Group will strengthen the same. Any failure of the implementation of the objectives pursuant to the Group's corporate reorganisation may have an adverse effect on the results of the Issuer's operations, business and financial condition and, consequently, on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

#### *Risks arising out of the guarantee mechanism in the Cohesion Contract*

In January 2019, the Issuer and 142 BCCs entered into a cohesion contract (the "**Cohesion Contract**") in accordance with the BCC Reform law as described in more detail in the section "*Description of the Issuer– Recent Events*".

The Cohesion Contract provides, among other things, for a liability-sharing mechanism governed by Italian law which pursuant to Circular No. 285 has been created also to meet the requirements for a "*cross guarantee scheme*" as defined in the CRR (the "**Cross Guarantee Scheme**"). In particular:

- the Issuer guarantees to the BCCs that it will support the obligations assumed by them. In turn, each BCC cross-guarantees to the Issuer and to the other BCCs that it will support the obligations of the Issuer and all other BCCs;
- the existence of the Cross Guarantee Scheme means that the liabilities of the Issuer and the individual BCCs are classified as joint and several liabilities of all BCCs and the Issuer;
- in order to implement the liability-sharing mechanism as required by Italian law and the guidelines of the Bank of Italy contained in Circular No. 285, the Issuer and the BCCs have put in place arrangements to ensure the prompt provision of financial means in terms of capital and liquidity if required. In particular, the Issuer and the BCCs have committed funds readily available to them which may be applied by the Issuer in its discretion and as it determines, in order to meet the obligations of the Issuer and the BCCs, thereby providing inter-group financial support; and
- the individual BCCs and the Issuer participate with the necessary funds, the amount of which, in the case of the BCCs is represented by a pre-established quota agreed with the Issuer plus a quota that can be called by the Issuer on demand if needed.

This Cross Guarantee Scheme mechanism is an integral part of any such cohesion contract, so its provision is an unavoidable condition. Prospective Noteholders should be aware, therefore, of the risk that the Cross Guarantee Scheme could place an obligation on the Issuer to commit, if necessary, its own assets to provide the financial support necessary to ensure the performance of the cross-guarantee obligations.

The Cross Guarantee Scheme is structured to create different levels for the Issuer's and BCCs' joint and several liability, whereby the degree of liability and exposure is linked to the capital resource of the Issuer and the individual BCCs (as the case may be).

Within the limits mentioned above, the Cross Guarantee Scheme is an inter-group financial support mechanism within which the participating banks provide each other with financial support to ensure solvency and liquidity (particularly for the purpose of their compliance with the prudential requirements and requirements of the supervisory authority) and to avoid, where necessary, submission to resolution procedures pursuant to Legislative Decree no. 180/2015 or to compulsory administrative liquidation procedures pursuant to art. 80 and following. of the TUB.

The Cross Guarantee Scheme contained in the Cohesion Contract means that the Issuer has exposure to the liabilities of any BCC that defaults on its creditors. Any such default may result in an adverse effect on the Issuer's results of operations, business and financial condition.

#### *Risks connected with breaches of the Cohesion Contract*

Any breach of the Cohesion Contract by the Issuer or by one or more BCCs might have an impact on the Group as a whole.

The Cohesion Contract describes certain penalties, which vary according to the seriousness of the infringement, that may be applied by the Issuer in the event of breach of its directions, as well as other contractual obligations.

In such regard, the Cohesion Contract gives the Issuer certain powers including the following:

- to change the structure and operation of the individual Group BCC;
- to restrict new transactions by suspending the taking of new risk;
- to restrict the individual BCC's geographical reach; and
- (in the most serious cases) to exclude an individual Group BCC from the Group.

In case of breach of the Cohesion Contract, no guarantee can be given regarding its potential impact on the Group's results of operations, business and financial condition and, consequently, on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

#### **Risks relating to the Notes**

The risks below have been classified into the following categories:

1. Risks related to the structure of a particular issue of Notes;

2. Risks related to the Notes generally; and
3. Risks related to the market generally.

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

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features:

#### ***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 elect to redeem Notes, the market value of those Notes generally will not rise substantially 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. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

#### ***Redemption for tax reasons***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

#### ***Redemption for regulatory reasons***

If the relevant Final Terms specify that Condition 10(c) (*Redemption for regulatory reasons*) is applicable, the Issuer may also, at its option, redeem Subordinated Notes following a Regulatory Event in accordance with Condition 10(c) (*Redemption for regulatory reasons*). To the extent required by the Applicable Banking Regulations, any redemption of the Subordinated Notes shall be subject to the prior approval of the Bank of Italy, as further set out in Condition 10(g) (*Redemption of Subordinated Notes*).

#### ***CMS Linked Interest Notes***

The Issuer may issue Notes with interest determined by reference to the CMS Rate (a "**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 the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on interest payable is likely to be magnified; and
- (v) the timing of changes in the relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations.

### ***Fixed Rate Notes***

Investment in Fixed Rate Notes involves the risks that substantial changes in market interest rates adversely affect the value of the Fixed Rate Notes.

### ***Floating Rate Notes***

Where the reference rate used to calculate the applicable interest rate turns negative, the interest rate will be below the margin, if any, or may be zero. Accordingly, where the rate of interest is equal to zero, the holders of such Floating Rate Notes may not be entitled to interest payments for certain or all interest periods.

### ***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.

### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### ***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 securities 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 securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *Certain benchmark rates, including LIBOR and EURIBOR, may be discontinued or reformed in the future - including the potential phasing-out of LIBOR after 2021*

The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**") on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU.

The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark.

More broadly, any of the international, national or other 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 contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the Financial Conduct Authority announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

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 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has 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.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 8(j) (*Benchmark Discontinuation*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such 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 (including the Notes) based on the same benchmark.

The "Terms and Conditions of the English Law Notes" and the "Terms and Conditions of the Italian Law Notes" provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or 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, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes 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 (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

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

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

### ***Risk relating to Senior Notes***

*Italian law applicable to the Senior Non-Preferred Notes was recently enacted*

On 1 January 2018, the Italian law No. 205 of 27 December 2017 (the "**2018 Budget Law**") came into force introducing certain amendments to the Legislative Decree No. 385 of 1 September 1993 as amended (the "**Consolidated Banking Law**"), including the possibility for banks and companies belonging to banking groups to issue senior non-preferred securities (the so-called "*strumenti di debito chirografario di secondo livello*").

In particular, the 2018 Budget Law set forth certain requirements for notes to qualify as senior non-preferred securities:

- (i) the original maturity period is at least equal to twelve months;
- (ii) 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 Euro 250,000;
- (iv) may be offered only to qualified investors (*investitori qualificati*), as referred to in Article 100, letter a), of the Consolidated Finance Act as implemented by Article 34-ter, first paragraph, letter b) of Regulation No. 11971/1999 and Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018;
- (v) the prospectus and the agreements regulating the issuance of senior non-preferred securities expressly provide that payment of interest 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 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 (v) 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 (v) 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 the provisions of Articles 12-bis and 91, section 1-bis, letter c-bis of the Consolidated Banking Law was recently enacted and that, 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.

*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 Preferred 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 Preferred Notes) and other senior liabilities (such as wholesale deposits).

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Senior Preferred 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 the 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 Preferred Notes and Senior Non-Preferred Notes could be subject to a MREL Disqualification Event redemption*

Senior Preferred Notes and Senior Non-Preferred Notes are intended to be eligible liabilities available to meet the MREL Requirements (as defined in the Conditions). However, there is uncertainty regarding the final substance of the applicable MREL Requirements, and the Issuer cannot provide any assurance that the Senior Preferred Notes and Senior Non-Preferred Notes will be or remain eligible for the purposes of the MREL Requirements. Any changes to MREL under the European Commission's combined legislative proposal may be more restrictive than the EC Proposals (as defined in the Conditions).

If Senior Preferred 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 Preferred Notes or Senior Non-Preferred Notes (as the case may be), and the applicable Final Terms for the Senior Preferred 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 Preferred 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 Senior Preferred Notes or Senior Non-Preferred Notes, all or part of the aggregate outstanding nominal amount of such Series of Senior Preferred Notes or Senior Non-Preferred Notes are or will be excluded fully or partially from the eligible liabilities available to meet the MREL Requirements. The implementation of the minimum requirements for eligible liabilities under the BRRD is subject to the implementation of the EC Proposals (as defined in the Conditions) in the EU and in Italy.

If the Senior Preferred 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 Preferred 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 Preferred Notes and Senior Non-Preferred Notes may be restricted*

Any redemption and repurchase of the Senior Notes and Senior Non-Preferred Notes shall be subject, where applicable, to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements); and (ii) in case of Senior Non-Preferred Notes only, 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 regulatory authority at the relevant time.

In addition, under the EU Banking Reform, the Issuer shall obtain, where applicable, the prior permission of the regulatory authority to reduce, call, redeem, repay or repurchase Senior Notes or Senior Non-Preferred Notes which qualify as eligible liabilities available to meet MREL Requirements. The EU Banking Reform states that the regulatory authority would approve the reduction, call, redemption, repayment or repurchase of the Senior Notes or Senior Non-Preferred Notes where any of the following conditions is met:

- on or before such redemption or repurchase of the Senior Notes or Senior Non-Preferred Notes, the Issuer replaces the Senior Notes or 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 relevant Issuer;
- the Issuer has demonstrated to the satisfaction of the regulatory 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 CRD V Directive or the BRRD (or, in either case, any relevant provisions of Italian law implementing the CRD V Directive or, as appropriate, the BRRD) or the CRR Regulation by a margin that the regulatory authority considers necessary; or
- the Issuer has demonstrated to the satisfaction of the regulatory 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 CRR and in the CRD V Directive for continuing authorisation.

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

*Senior Preferred Notes and Senior Non-Preferred Notes may be subject to substitution and modification without Noteholders' consent*

If (i) at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Preferred Notes or Senior Non-Preferred Notes, or (ii) in order to ensure the effectiveness and enforceability of Condition 23 (Contractual Recognition of Bail-in Powers), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority, if so required, (without any requirement for the consent or approval of the Holders of the Senior Preferred Notes or Senior Non-Preferred Notes of that Series), elect (i) in the case of English Law Notes, either to substitute all (but not only some) of such Senior Preferred Notes or Senior Non-Preferred Notes or modify the terms of all (but not only some) such Senior Preferred Notes or Senior Non-Preferred Notes so that they remain or, as appropriate, become, Qualifying Senior Preferred Notes or Senior Non-Preferred

Notes, or (ii) in the case of Italian Law Notes, modify the terms of all (but not only some) of such Senior Preferred Notes or Senior Non-Preferred Notes so that they remain or, as appropriate, become, Qualifying Senior Preferred Notes or Senior Non-Preferred Notes, 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 Preferred 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 23 (*Contractual Recognition of Bail-in Powers*), 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 Preferred 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.

### ***Risk relating to Subordinated Notes***

*The Issuer's obligations under Subordinated Notes are subordinated*

If the Issuer is declared insolvent and a winding up is initiated, 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, in case of application of the bail-in tool and of activation of the point of non-viability mechanism provided for by the BRRD (as defined above), the Subordinated Notes may be written down, up to zero, or converted to equity. Please see further "*Changes in regulatory framework and accounting policies*" above.

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. 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.

For a full description of the provisions relating to Subordinated Notes, see Condition 6 (*Status of Subordinated Notes*).

### ***Regulatory classification of the 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 the Applicable Banking 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 guarantee that any such Subordinated Notes will continue to qualify as "Tier 2 Capital" during the life of the Notes or that the Notes will be grandfathered under the implementation of further EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Tier 2 capital", the

Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 10(c) (*Redemption for regulatory reasons*), subject to the prior approval of the Relevant Authority. During any period in which there is an actual or perceived increase in the likelihood that the Issuer may exercise such rights to redeem the Notes, the price of the Notes may be adversely impacted and may not rise above the redemption price. There can be no assurance that holders of such Subordinated 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 Subordinated Notes.

#### *Modification or Substitution of Subordinated Notes without Noteholders' consent*

In relation to any series of Subordinated Notes, if the relevant 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, elect (i) in the case of English Law Notes, either to substitute all (but not only some) of the Subordinated Notes or modify the terms of all (but not only some) of such Subordinated Notes so that they become or remain Qualifying Subordinated Notes or (ii) in the case of Italian Law Notes, modify the terms of all (but not only some) of such Subordinated Notes so that they become or remain, 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 23 (*Contractual Recognition of Bail-in Powers*), 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.

#### *Risk relating to the governing law of the Italian Law Notes*

The Terms and Conditions of the Italian Law Notes are governed by Italian law and Condition 23 of the Terms and Conditions of the Italian Law Notes provides that contractual and non-contractual obligations arising out or in connection with them are governed by, and shall be construed in accordance with, Italian Law, pursuant to EU and Italian private international law provisions as applicable from time to time. Article 59 of Law No. 218 of 31 May 1995 (the "**Italian Private International Law**") provides that other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued. The 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 are signed by the Issuer in the United Kingdom and are, thereafter, delivered to BNP Paribas Securities Services, Luxembourg Branch as Fiscal Agent, being the entity in charge of, inter alia, completing, authenticating and delivering the Temporary Global Note and Permanent Global Notes and (if required) authenticating and delivering Definitive Notes.

The Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions of the Italian Law Notes and the laws applicable to their transfer and circulation for any prospective investors in the Italian Law Notes and any disputes which may arise in relation to, inter alia, the transfer of ownership in the Italian Law Notes on the basis of the above-mentioned provisions of Italian Private International Law and the relevant applicable European legislation.

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

The Events of Default in respect of Notes, being events upon which, in certain circumstances, the holders of the Notes, may declare the Notes to be immediately due and repayable, are limited to circumstances in which the Issuer becomes subject to winding-up or an analogous event as set out in Condition 13 (*Events of Default*). 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, the holders of the Notes 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.

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

Set out below is a brief description of certain risks relating to the Notes generally:

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

As specified in Condition 4 (*Status of the Senior Preferred Notes*) in respect of Senior Preferred Notes, in Condition 5 (*Status of the Senior Non-Preferred Notes*) in respect of Senior Non-Preferred Notes and in Condition 6 (*Status of the Subordinated Notes*) in respect of Subordinated Notes, the holder of a Note will unconditionally and irrevocably waive 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 Note.

#### ***Taxation***

The tax regime in the Republic of Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each Noteholder is resident for tax purposes) may be relevant to the acquiring, holding and disposing of Notes and the receiving of payments of interest, principal and/or other income under the Notes. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries.

#### ***Change of law***

The Terms and Conditions of the English Law Notes are based on English law in effect as at the date of this Base Prospectus, other than subordination and certain other provisions relating to Subordinated Notes, which are based on Italian law in effect as at the date of this Base Prospectus.

The Terms and Conditions of the Italian Law Notes are Italian law based 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 applicable law or administrative practice after the date of this Base Prospectus.

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

Provisions for calling meetings of Noteholders are contained in the Agency Agreement for the English Law Notes and in the Agency Agreement for the Italian Law Notes and summarised in Condition 17 (*Meetings of Noteholders, Modification, Waiver and Substitution*). 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. 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 and the Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, pursuant to Condition 8(j) (*Benchmark Discontinuation*), certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream Banking, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream Banking. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream Banking will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream Banking. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream Banking 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 Banking 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. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream Banking to appoint appropriate proxies.

***Delisting of the Notes***

Application has been made for Notes issued under the Programme to be listed on the Official List and admitted to trading on the regulated market 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 relevant 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.

### ***Denominations and restrictions on exchange for Definitive Notes***

Notes may in certain circumstances be issued in denominations including (i) a minimum denomination of €100,000 (or its equivalent in another currency) and (ii) an amount which is greater than €100,000 (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 €100,000 (or its equivalent) that are not integral multiples of €100,000 (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 of €100,000 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 €100,000.

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

Other than the €3 billion limit with regard to the Notes issued under the Programme, the Terms and Conditions of 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.

### ***Notes issued, if any, as "Green Bonds" or "Social Bonds" or "Sustainability Bonds" may not be a suitable investment for all investors seeking exposure to green assets or social assets or sustainable assets***

If so specified in the relevant Final Terms, the Issuer may issue Notes under the Programme described as "green bonds" ("**Green Bonds**"), "social bonds" ("**Social Bonds**") and "sustainability bonds" ("**Sustainability Bonds**") in accordance with the principles set out by the International Capital Market Association ("**ICMA**") (respectively, the Green Bond Principles ("**GBP**"), the Social Bond Principles ("**SBP**") and the Sustainability Bond Guidelines ("**SBG**").

In such a case, prospective investors should have regard to the information set out at "Reasons for the Offer, estimated net proceeds and total expenses" in the applicable Final Terms and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investors deem necessary, and must assess the suitability of that investment in light of their own circumstances. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for the funding of any green project or social project or sustainable project, as the case may be, will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Furthermore, it should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, respectively "green" or a "social" or a "sustainable" project or as to what precise attributes are required for a

particular project to be defined as "green" or "social" or "sustainable" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time.

Accordingly, no assurance is or can be given to investors that any green or social or sustainable project, as the case may be, towards which proceeds of the Notes are to be applied will meet the investor expectations regarding such "green" or "social" or "sustainable" performance objectives or that any adverse social, green, sustainable and/or other impacts will not occur during the implementation of any green or social or sustainable project.

Furthermore, it should be noted that, in connection with the issue of Green Bonds, Social Bonds and Sustainability Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue a second-party opinion confirming that the relevant green and/or social and/or sustainable project, as the case may be have been defined in accordance with the broad categorisation of eligibility for green, social and sustainable projects set out in the GBP, the SBP and the SBG and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental, sustainability or social projects (any such second-party opinion, a "**Second-party Opinion**"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Green Bonds, Social Bonds or Sustainability Bonds. A Second-party Opinion would not constitute a recommendation to buy, sell or hold the relevant Green Bonds or Social Bonds or Sustainability Bonds and would only be current as of the date it is released. A withdrawal of the Second-party Opinion may affect the value of such Green Bonds, Social Bonds or Sustainability Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green or social or sustainable assets.

While it is the intention of the Issuer to apply the proceeds of Social Bonds, Green Bonds or Sustainability Bonds in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the green, social or sustainable projects, as the case may be, will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly the proceeds of the relevant Green Bonds, Social Bonds or Sustainability Bonds will be totally or partially disbursed for such projects. Nor can there be any assurance that such green, social or sustainable projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the relevant Green Bonds, Social Bonds or Sustainability Bonds.

Any such event or failure to apply the proceeds of the issue of the Notes for any green, social or sustainable projects as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for, amongst others, investors with portfolio mandates to invest in securities to be used for a particular purpose.

Any failure by the Issuer to comply with its reporting obligations in relation to Green Bonds, Social Bonds or Sustainability Bonds, as applicable, will not constitute an Event of Default under the relevant Notes.

### **Risks related to the market generally**



Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### ***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.

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

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 (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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. 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.

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 United States Securities Act of 1933 (as amended) (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***

One or more independent credit rating agencies may assign credit ratings to the Notes. Where an issue of Notes is rated, investors should be aware that:

- (i) such rating will reflect only the views of the rating agency and may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes;
- (ii) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency;
- (iii) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes; and
- (iv) tranches of Notes issued under the Programme may be rated or unrated and, where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme.

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

### ***Conflicts of Interest***

The Issuer may act as Calculation Agent or appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of a financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the 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.

## PRESENTATION OF FINANCIAL INFORMATION

The following financial statements which have previously been published shall be incorporated by reference in, and form part of, this Base Prospectus:

- the audited annual financial statements, and the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019, both, audited by Ernst & Young S.p.A., which issued its relevant reports on 12 June 2020;
- the audited annual financial statements, and the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2018, both audited by Ernst & Young S.p.A., which issued its relevant reports on 12 April 2019; and
- the unaudited interim consolidated financial statements of the Issuer as at and for the six month period ended 30 June 2019 reviewed by Ernst & Young S.p.A., which issued its review report on 14 October 2019.

Investors should note that the financial information as at 31 December 2018 relates to the former Iccrea Banking Group (before the constitution of the Iccrea Cooperative Banking Group) and, therefore, is not comparable with the consolidated financial information as at 31 December 2019, because the consolidation perimeter of the Group was different.

The first set of consolidated financial statements of the current Group comprising the Issuer, certain majority owned subsidiaries and the BCCs is the one as at 30 June 2019 which balance sheet is comparable with the balance sheet of the audited consolidated financial information as at 31 December 2019.

### Alternative Performance Indicators

The financial information incorporated herein contains no alternative performance indicators.

### Emphasis of Matter

In its report to the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 (page 414), Ernst & Young S.p.A. included the following emphasis of matter:

*"We draw attention to the matter described by the Directors in the explanatory notes 'Part A - Accounting policies - Section 2: General preparation principles' in relation to the establishment of the Gruppo Bancario Cooperativo Iccrea, which took effect for accounting purposes on January 1, 2019. The comparative figures for the previous year indicated in the consolidated financial statements and in the tables included in the explanatory notes represent the balances of the pre-existing Iccrea Banking Group. Our opinion is not modified in respect of this matter."*

The reason for its inclusion is due to the different consolidation perimeter of the Group for the financial information as at 31 December 2018 and 31 December 2019, as explained above.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the documents incorporated by reference, described below, which form part of this Base Prospectus:

- the audited consolidated and separate annual financial statements of the Issuer as at and for the year ended 31 December 2019 (available at the following link [https://www.iccreabanca.it/DocumentiBilancio/Financial/Reports%20and%20consolidated%20and%20separate%20financial%20statements%20at%20December%2031,%202019\\_def.pdf](https://www.iccreabanca.it/DocumentiBilancio/Financial/Reports%20and%20consolidated%20and%20separate%20financial%20statements%20at%20December%2031,%202019_def.pdf));
- the audited consolidated and separate annual financial statements of the Issuer as at and for the year ended 31 December 2018 (available at the following link [https://www.iccreabanca.it/DocumentiBilancio/Financial/fascicolo\\_31.12.2018\\_EN.pdf](https://www.iccreabanca.it/DocumentiBilancio/Financial/fascicolo_31.12.2018_EN.pdf));
- the unaudited interim consolidated financial statements of the Issuer as at and for the six month period ended 30 June 2019 (available at the following link <https://www.iccreabanca.it/DocumentiBilancio/Financial/Intermediate%20Financial%20Report%202019.pdf>),

save that any statement contained in the documents incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this Base Prospectus.

The audited consolidated and separate annual financial statements of the Issuer as at and for the years ended 31 December 2019 and 31 December 2018 and the unaudited interim consolidated financial statements of the Issuer as at and for the six month period ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU and shall be deemed to be incorporated in, and to form part of, this Base Prospectus, together (where applicable) with the accompanying notes and auditor's reports or the auditor's review reports as the case may be, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with article 23 of the Prospectus Regulation modifies or supersedes such statement.

Any information contained in or incorporated by reference in any of the documents specified above which is not included in the cross-reference list below in this Base Prospectus is not incorporated by reference and is either not relevant to investors or is covered elsewhere in this Base Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

The Issuer will, at the specified offices of the Paying Agent, provide, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral requests for such documents should be directed to the specified office of any of the Paying Agents or to the specified office of the Listing Agent in

Luxembourg. In addition such documents will be available, without charge, on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

### **Cross-reference lists**

The following table shows where the information required under article 19(2) of the Prospectus Regulation can be found in the above-mentioned financial statements incorporated by reference in this Base Prospectus.

<b>Audited Consolidated and Separate Annual Financial Statements of the Issuer</b>		
	<b>2019</b>	<b>2018</b>
Consolidated balance sheet	127-128	383-384
Consolidated income statement	129	385
Statement of consolidated comprehensive income	130	386
Statement of changes in consolidated shareholders' equity	131-132	387-388
Statement of changes in consolidated cash flows	133-134	389-390
Notes to the consolidated financial statements	135-390	391-645
Independent Auditor's report	413-419	649-655
Balance Sheet	433-434	71-72
Income Statement	435	73
Statement of Comprehensive Income	436	74
Statement of changes in shareholders' equity	437-438	75-76
Statement of cash flows	439	77-78
Notes to the financial statements	445-651	79-341
Independent Auditor's report	655- 661	361-368
<b>Unaudited Interim Consolidated and Separate Financial Statements of the Issuer as at and for the six month period ended</b>		
	<b>30 June 2019</b>	
Consolidated balance sheet	83-84	
Consolidated income statement	85	
Statement of consolidated comprehensive income	86	
Statement of changes in consolidated shareholders' equity	87-88	
Statement of changes in consolidated cash flows	89-90	
Notes to the consolidated financial statements	91-248	
Independent Auditor's report	251-252	

## FURTHER PROSPECTUSES AND SUPPLEMENTS

The Issuer will prepare a new Base Prospectus setting out the changes in the operations and financial conditions of the Issuer at least every year after the date of this Base Prospectus and each subsequent Base Prospectus.

The Issuer has given an undertaking to the Dealers that, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, it shall prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

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.

## FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (a "**Temporary Global Note**"), without Coupons or Receipts, or a permanent global note (a "**Permanent Global Note**"), without Coupons or Receipts, in each case as specified in the relevant 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 relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream Banking**") 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 relevant 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 Banking.

On 13 June 2006 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 Banking as of 30 June 2006 and the debt securities in global bearer form issued through Euroclear and Clearstream Banking after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant 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 relevant 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 or Receipts (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons or Receipts, 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. 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 Fiscal Agent; and

- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 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 relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specify "in the limited circumstances described in the Permanent Global Note", then if:
  - a) Euroclear or Clearstream, Luxembourg or any other relevant 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
  - b) any of the circumstances described in Condition 13 (*Events of Default*) of the Terms and Conditions of the English Law Notes and Condition 13 (*Events of Default*) of the Terms and Conditions of the Italian Law Notes, as the case may be, 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, Talons and Receipts attached (if so specified in the relevant 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 Fiscal 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 €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. 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 relevant 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 or Receipts, 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 relevant 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 or Receipts, 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, Talons and Receipts (as defined herein) attached (if so specified in the relevant 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 Fiscal 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 relevant 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 or Receipts, 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 relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specify "in the limited circumstances described in the Permanent Global Note", then if:
  - a) Euroclear or Clearstream, Luxembourg or any other relevant 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
  - b) any of the circumstances described in Condition 13 (*Events of Default*) of the Terms and Conditions of the English Law Notes and Condition 13 (*Events of Default*) of the Terms and Conditions of the Italian Law Notes, as the case may be, occurs.

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 €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. 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.

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, Talons and Receipts attached (if so specified in the relevant 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 Fiscal Agent within 30 days of the bearer requesting such exchange. Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

### **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 of the English Law Notes*", "*Terms and Conditions of the Italian Law Notes*" below, as the case may be, and the provisions of the relevant 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 while in Global Form" below.

### **Legend concerning United States 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, Talons and Receipts 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, Talon or Receipt will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Talon or Receipt and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

## TERMS AND CONDITIONS OF THE ENGLISH LAW NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. 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 while in Global Form" below. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

### 1. INTRODUCTION

- (a) *Programme:* ICCREA Banca S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €3,000,000,000 in aggregate principal amount of notes. Under the Programme, the Issuer may issue notes governed by English law (the "**English Law Notes**" or the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions governed by English law (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement governed by English law dated 17 September 2020 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below. The Notes may also be senior preferred notes ("**Senior Preferred Notes**"), senior non-preferred notes ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated notes ("**Subordinated Notes**"), depending on the status of the Notes specified in the relevant Final Terms.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**"), the holders of related principal receipts for the payment of instalments of principal (other than the final instalment) (the "**Receiptholders**" and the "**Receipts**", respectively) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency

Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 2. DEFINITIONS AND INTERPRETATION

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant 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, the BRRD, the BRRD Implementing Decrees, the Banking Reform Package, the SRM Regulation CRD IV Package, the Capital Instruments Regulations, the Circular No. 285 and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority or of the institutions of the European Union (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, as the case may be);

"**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 ration, 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;

"**Bail-in Power**" has the meaning given in Condition 23;

"**Bank Creditor Hierarchy Directive**" means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy, as amended, supplemented or replaced from time to time;

**"Benchmarks Regulation"** means Regulation (EU) No. 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;

**"Broken Amount"** has the meaning given in the relevant Final Terms;

**"BRRD"** means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time;

**"BRRD Implementing Decrees"** means the Legislative Decrees No. 180 and 181 of November 16, 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 London, 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 relevant Final Terms and, if so specified in the relevant 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 relevant 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 Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s);

"**Calculation Amount**" has the meaning given to it in the relevant Final Terms;

"**Capital Instruments Regulations**" means the Delegated Regulation and any other rules or regulations of the Relevant Authority or of the institutions of the European Union or which are otherwise applicable to the Issuer or the Group (as the case may be), whether introduced before or after the Issue Date, which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer or the Group (as the case may be) to the extent required under the CRD IV Package;

"**CET1 Instruments**" means at any time common equity tier 1 instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Circular No. 285**" means the Bank of Italy Circular No. 285 of 17 December 2013, setting forth the supervisory provisions for banks (*Disposizioni di Vigilanza per le Banche*), as amended, supplemented or replaced from time to time;

"**CMS Rate**" shall mean 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 Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent and subject to Condition 8(j) (*Benchmark Discontinuation*);

"**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 and/or an independent advisor appointed by the Issuer;

**"Consolidated Banking Law"** means Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time;

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"CRD IV"** means Directive 2013/36/EU 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, as amended, supplemented or replaced from time to time;

**"CRD IV Package"** means the CRD IV and the CRR;

**"CRR"** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended, supplemented or replaced from time to time;

**"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 relevant Final Terms and:

- (a) 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);
- (b) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) 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
  - (ii) 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 (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (c) 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;
- (d) 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;
- (e) 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

- (f) 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.

- (g) 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 17 September 2019 relating to the Notes executed by the Issuer;

**"Delegated Regulation"** means Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014 supplementing the CRR with regard to the regulatory technical standards for Own Funds requirements for institutions, as amended, supplemented or replaced from time to time;

**"Designated Maturity"** has the meaning given in the relevant 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 relevant 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 relevant 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 relevant Final Terms;

**"EC Proposals"** means the amendments proposed to the CRD IV Directive, the CRR and BRRD published by the European Commission on 23 November 2016 which have been politically agreed within the EU Council in December 2018 and then signed off by the EU27 Ambassadors on February 15, 2018.

**"ECB"** means the European Central Bank;

**"ECB Interest Rate"** means the European banking interest rate determined by the Governing Council of the ECB and used in Eurosystem refinancing operations. The ECB Interest Rate is published by the ECB and is available on its website;

**"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 (being, as of the date of this Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any person which takes over administration of that rate);

**"Extraordinary Resolution"** has the meaning given in the Agency Agreement;

**"Final Redemption Amount"** means:

- (i) in respect of any Note that is not an Instalment Note, its principal amount, subject to any purchase, cancellation, early redemption or repayment; and
- (ii) in respect of any Instalment Note, the final Instalment Amount;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Group Entity"** has the meaning given in Condition 23;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment and such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised:

**"Instalment Amount"** means the amount of each instalment of the Instalment Notes;

**"Instalment Date"** means the date on which each Instalment Amount is repayable;

**"Instalment Notes"** means Notes, any part of the principal amount of which is repayable by an Instalment Amount;

**"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 Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Cut-off Date"** has the meaning given in Condition 8(j) (*Benchmark Discontinuation*);

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant 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 relevant 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 beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Benchmarks Supplement"** means the Benchmarks Supplement (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 relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc;

**"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 relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant 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 relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc. including, if specified in the relevant Final Terms, the ISDA Benchmark Supplement);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Issue Price"** has the meaning given in the relevant Final Terms;

**"LIBOR"** means, in respect of any specified currency and any specified period, the London inter-bank offered rate for that currency and period displayed on the appropriate page (being, as of the date of this Base Prospectus, Reuters screen page LIBOR01 or LIBOR02) on the information service which publishes that rate;

**"Loss Absorption Requirement"** means the power of the Relevant Authority to impose 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 CET1 Instruments or other instruments of ownership;

**"Margin"** has the meaning given in the relevant Final Terms;

**"Maturity Date"** has the meaning given in the relevant 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 relevant Final Terms;

**"Minimum Capital"** means the minimum amount of capital of the Issuer, as provided for by the Bank of Italy from time to time for the purposes of obtaining or maintaining the authorisation of the Bank of Italy to carry on banking activities, as certified in writing by two directors of the Issuer;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"MREL Disqualification Event"** means that, by reason of the introduction of, or a change in, the MREL Requirements, which was not reasonably foreseeable by the Issuer at the Issue Date of the relevant Series of Notes, all or part of the aggregate outstanding nominal amount of a Series of Senior Preferred Notes and/or of Senior Non-Preferred Notes (as the case may be) are or will be excluded fully or partially from the liabilities that are eligible to meet the MREL Requirements. For the avoidance of doubt: (a) the exclusion of a Series of Notes from the liabilities that are eligible to meet the MREL Requirements due to the remaining maturity of such Notes being less than

any period prescribed thereunder does not constitute a MREL Disqualification Event; (b) the exclusion of all or some of a Series of Notes from the MREL Requirements due to there being insufficient headroom for such Notes within any prescribed exception to the otherwise applicable general requirements for liabilities that are eligible to meet the MREL Requirements does not constitute a MREL Disqualification Event; and (c) any exclusion shall not be "reasonably foreseeable" by the Issuer at the Issue Date of the relevant Series of Notes where such exclusion arises as a result of (i) any EU and/or national legislation which gives effect to the EC Proposals differing, as it applies to the Issuer or the Group (as the case may be), in any respect from the EC Proposals, or, if the EC Proposals have been amended at the Issue Date of the first Series of the Notes, in the form so amended at such date (including if the EC Proposals are not implemented in full), or (ii) the official interpretation or application of the EC Proposals as applicable to the Issuer or the Group (as the case may be) (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the official interpretation or application, if any, in place as at the Issue Date of the first Series of the Notes;

**"MREL Requirements"** means the laws, regulations, requirements, guidelines, rules, standards, measures and policies relating to minimum requirements for own funds and eligible liabilities applicable to the Issuer or the Group (as the case may be) from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as implementing technical standards or regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards, measures 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 a Relevant Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards, measures or policies are applied generally or specifically to the Issuer or the Group (as the case may be)), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, measures, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

**"Own Funds"** shall have the meaning given to such term in the CRR, as interpreted and applied in accordance with the Applicable Banking Regulations;

**"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 relevant 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 relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"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 or the United Kingdom 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;

**"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 relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Instalment Amount, the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer and/or an independent advisor appointed by the Issuer, in the market that is most closely connected with the Reference Rate;

**"Reference Currency"** has the meaning given in the relevant Final Terms;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR, LIBOR, ECB Interest Rate or the CMS Rate as specified in the relevant Final Terms in respect of the currency and period specified in the relevant 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"** means any change (or pending change which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes from their classification on the Issue Date that results, or would be likely to result, in their exclusion in full or, to the extent permitted under the Applicable Banking Regulations, in part, from the Tier 2 Capital of the Issuer or, where applicable in accordance with the Applicable Banking Regulations, a reclassification as a lower quality form of Own Funds;

**"Relevant Authority"** means, as the context may require, (i) the European Central Bank or the Bank of Italy, acting within the framework of the Single Supervisory Mechanism, or any successor or replacement authority having responsibility for the

prudential oversight and supervision of the Issuer or the Group (as the case may be), and/or (ii) the Italian resolution authority, the Single Resolution Board (SRB) established pursuant to the SRM Regulation, the European Council, the European Commission, acting within the framework of the Single Resolution Mechanism, or any successor or replacement authority having responsibility for the resolution of the Issuer or other entities of the Group (as the case may be) and for the exercise of any Resolution Power or Bail-in Power from time to time;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question 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 Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"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 relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Swap Rate"** means:

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



- (iii) where the Reference Currency is U.S. dollars, the mid-market semi annual swap rate determined on the basis of the mean of the bid and offered rates for the semi annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD LIBOR BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

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

**"Reserved Matter"** shall have the meaning given to it in the Agency Agreement and includes, *inter alia*, 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"** has the meaning given in the relevant Final Terms;

**"Resolution Power"** has the meaning given in Condition 23;

**"Single Resolution Mechanism"** means the single resolution mechanism established pursuant to the SRM Regulation;

**"Single Supervisory Mechanism"** means the single supervisory mechanism established pursuant to the SSM Regulation;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms;

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"SRM Regulation"** has the meaning given in Condition 23;

**"SSM Regulation"** means Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as amended, supplemented or replaced from time to time;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any Person (the "**second Person**") in which:

- (i) the majority of the votes capable of being voted in an ordinary shareholders' meeting is held, directly or indirectly, by the first Person; or
- (ii) the first Person holds, directly or indirectly, a sufficient number of votes to give the first Person a dominant influence (*influenza dominante*) in an ordinary shareholders' meeting of the second Person,

as provided by Article 2359, paragraph 1, No.1 and 2 of the Italian Civil Code;

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

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 System is open for the settlement of payments in euro;

"**Tax Event**" has the meaning given in Condition 10(b);

"**Tier 1 Capital**" means at any time tier 1 capital as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Tier 2 Capital**" means at any time tier 2 capital as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Tier 2 Instruments**" means at any time tier 2 instruments as interpreted and applied in accordance with the Applicable Banking Regulations.

"**Treaty**" means the Treaty on the functioning of the European Union, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any Instalment Amounts, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect

of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes;
- (viii) any reference herein to Notes shall, unless the context otherwise requires, be deemed to include a reference to Receipts in respect of any Instalment Notes and any reference herein to Noteholders shall, unless the context otherwise requires, be deemed to include a reference to Receiptholders in respect of any Instalment Notes.

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

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. If the Notes are Instalment Notes in definitive form, they will be issued with Receipts attached. 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. Title to the Notes, the Coupons and the Receipts will pass by delivery. The holder of any Note, Coupon or Receipt 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. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

### 4. **STATUS OF THE SENIOR PREFERRED NOTES**

- (a) *Application*: This Condition 4 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes.
- (b) *Status*: The Senior Preferred Notes and any related Receipts or Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. The payment obligations of the Issuer under the Senior Preferred Notes and the Receipts or Coupons related to them shall at all times rank (save for certain obligations required to be preferred by law, including any obligations permitted by law to rank senior to the Senior Preferred Notes following the Issue Date, if any) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding (other than obligations ranking junior to the Senior Preferred Notes from time to time, including any obligations under Senior Non-Preferred Notes and any further obligations permitted by law or by their terms to rank junior to the Senior Preferred Notes following the Issue Date, if any).

In relation to each Series of Senior Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

- (c) *Waiver of set-off rights*: Each holder of a Senior Preferred 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 Senior Preferred Note.

## 5. STATUS OF THE SENIOR NON-PREFERRED NOTES

- (a) *Application*: This Condition 5 applies only to Notes specified in the relevant Final Terms as being Senior Non-Preferred Notes.
- (b) *Status*: The Senior Non-Preferred Notes and any related Receipts or Coupons are direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer that are intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer in accordance with, and for the purposes of, Article 12-*bis* of the Consolidated Banking Law.

The payment obligations of the Issuer under the Senior Non-Preferred Notes and the Receipts or Coupons related to them shall at all times rank:

- (i) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes);
- (ii) *pari passu* among themselves and with any 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 Senior Non-Preferred Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

in all such cases in accordance with the provisions set forth in Article 91, paragraph 1-*bis*, letter *c-bis*) of the Consolidated Banking Law and any relevant regulation which may be enacted from time to time for the purposes of implementing such provisions and/or any laws, regulations or guidelines implementing the rules set forth in the Bank Creditor Hierarchy Directive.

In relation to each Series of Senior Non-Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

- (c) *Waiver of set-off rights*: Each holder of a Senior Non-Preferred 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 Senior Non-Preferred Note.

## 6. STATUS OF THE SUBORDINATED NOTES

- (a) *Application:* This Condition 6 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.
- (b) *Status:* The Subordinated Notes and any related Receipts or Coupons are direct, unsecured and subordinated obligations of the Issuer that are intended to qualify for regulatory purposes as Tier 2 Instruments to be included in the Tier 2 Capital of the Issuer in accordance with Article 63 of the CRR and Part II, Chapter 1 of Circular No. 285 (or any successor rules under the Applicable Banking Regulations).

The payment obligations of the Issuer under the Subordinated Notes and the Receipts or Coupons related to them shall at all times rank:

- (i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes;
- (ii) *pari passu* among themselves and with any 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 Subordinated Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer).

In relation to each Series of Subordinated Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

- (c) *Waiver of set-off rights:* Each holder of a Subordinated 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 Subordinated Note.

The Subordinated 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 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 Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

## 7. FIXED RATE NOTE PROVISIONS

- (a) *Application:* This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if: (i) the Fixed Rate Note Provisions are specified in the relevant Final Terms as

being applicable; or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Fixed Rate Note Provisions are stated to apply.

- (b) *Accrual of interest:* 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 11 (*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, in which case 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 sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *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.
- (d) *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. **FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS**

- (a) *Application:* This Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if: (i) the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable; or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Floating Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* 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 11 (*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, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days

after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate in the 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 8(j) (*Benchmark Discontinuation*):

- (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 and/or an independent advisor appointed by the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide 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 Calculation Agent, 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.

- (d) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes*: If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the 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 8 (j) (*Benchmark Discontinuation*):

*CMS Rate plus Margin*

If the Relevant Screen Page is not available, the Issuer and/or an independent advisor appointed by 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.

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



- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *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.
- (h) *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 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.
- (i) *Notifications, etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*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, the Receiptholders 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.
- (j) *Benchmark Discontinuation:* If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 8(j)) and, in either case, an Adjustment Spread, if any (in

accordance with Condition 8(j) (cc)) and any Benchmark Amendments (in accordance with Condition 8(j) (dd)).

In the absence of willful misconduct, fraud or negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent or the Noteholders for any determination made by it pursuant to this Condition 8(j).

- (aa) If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 8(j) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 8(j) (aa) (*Benchmark Discontinuation*) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 8(j).
- (bb) If the Independent Adviser determines in its discretion that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 8(j) (cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 8(j)) in the event of a further Benchmark Event affecting the Successor Rate; or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 8(j))(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 8(j) in the event of a further Benchmark Event affecting the Alternative Rate.
- (cc) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (dd) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 8(j) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the applicable Final Terms Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)),

subject to giving notice thereof in accordance with Condition 8(j), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 8(j)).

- (ee) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 8(j) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (ff) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
  - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 8(j); and
  - (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.
- (gg) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.
- (ii) As used in this Condition 8(j):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt

capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

- (C) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 8(j) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

**"Benchmark Event"** means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **"Specified Future Date"**); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the **"Specified Future Date"**), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the **"Specified Future Date"**), 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; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market; or

- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C) or (D) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**"Benchmark Amendments"** has the meaning given to it in Condition 8(j) (dd).

**"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 under Condition 8(j).

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) 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 benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

## 9. ZERO COUPON NOTE PROVISIONS

- (a) *Application:* This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *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 (i) the

day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 9A. 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 8 (*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*) and delivering such notice to the Paying Agent and the Calculation Agent 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 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.

#### 10. REDEMPTION AND PURCHASE

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 10(g) (*Redemption of Subordinated Notes*) and 11 (*Payments*).

Pursuant to Article 12-*bis*, paragraph 1, letter a), of the Consolidated Banking Law, the Maturity Date of the Senior Non-Preferred Notes shall not fall earlier than twelve months after their Issue Date.

The Maturity Date of Subordinated Notes shall not fall earlier than five years after their Issue Date, as provided under the Applicable Banking Regulations.

- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Relevant Authority) in whole, but not in part:
- (i) at any time (if, neither the Floating Rate Note Provisions nor CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (*Tax*), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes;
- (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 points (A) and (B) above have occurred within five years of the issue of the relevant Subordinated Notes, the Issuer demonstrates 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**")

*provided, however, that* no such notice of redemption shall be given earlier than: 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by a legal representative of the Issuer stating that 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 (B) 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 such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

In the case of Senior Notes, any redemption pursuant to this Condition 10(b) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, any redemption pursuant to this Condition 10(b) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

(c) *Redemption for regulatory reasons:*

(i) *Application:* This Condition 10(c) applies only if (A) the Notes are specified in the relevant Final Terms as being Subordinated Notes; and (B) Condition 10(c) is specified in the relevant Final Terms as being applicable.

(ii) *Redemption:* 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 10(g) (*Redemption of Subordinated Notes*) below), 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 Fiscal Agent and, in accordance with Condition 19 (*Notices*), to the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 10(c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 10(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c), at the Early Redemption Amount (Regulatory Event) described in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Any redemption pursuant to this Condition 10(c) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

(d) *Redemption of Senior Notes due to a MREL Disqualification Event*

*This Condition 10(d) applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.*

If an Issuer Call due to a MREL Disqualification Event is specified in the relevant Final Terms as being applicable, then in cases where the Issuer determines that a MREL Disqualification Event has occurred and is continuing with respect to a Series of Senior



Preferred Notes or Senior Non-Preferred Notes, any such Series may be redeemed at the option of the Issuer in whole, but not in part:

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

on giving not less than 30 days nor more than the maximum period of notice specified in the applicable Final Terms to the Fiscal Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 10(d), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(d), at their Early Redemption Amount (MREL Disqualification Event) described in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 10(d), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that 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 such evidence shall be conclusive and binding on the Noteholders and the Couponholders).

Any redemption pursuant to this Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

- (e) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to prior approval of the Relevant Authority) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (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 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 (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

In the case of Senior Notes, the call option pursuant to this Condition 10(e) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 10(e) may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 10(e) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (f) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 10(e) (*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 Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10(e) (*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 relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or less than the minimum so specified.

In the case of Senior Notes, the partial redemption pursuant to this Condition 10(f) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no partial redemption in accordance with this Condition 10(f) may be exercised by the Issuer to redeem, in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the partial redemption pursuant to this Condition 10(f) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (g) *Redemption of Subordinated Notes*

Any redemption of the Subordinated Notes in accordance with Condition 10(a) (*Scheduled redemption*), Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10 (e) (*Redemption at the option of the Issuer*), Condition 10 (f) (*Partial redemption*) and any purchase in accordance with Condition 10 (k) (*Purchases*) shall be subject to:

- (i) the Issuer giving notice to the Relevant Authority and such Relevant Authority granting prior permission to redeem or repurchase the relevant Subordinated Notes, in each case to the extent required by and in accordance with the Applicable Banking Regulations. Failure to redeem any such Notes where such consent has not been granted (to the extent such consent was required by and in accordance with the Applicable Banking Regulations) shall not constitute a default of the Issuer for any purpose; and
- (ii) compliance by the Issuer with any alternative or additional requirements to redemption or repurchase, as applicable, set out in the Applicable Banking Regulations.

Amounts that would otherwise be payable on the due date will continue to bear interest until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Notes up to that day are received by or on behalf of the Noteholders and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of such Subordinated Notes up to such seventh day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 19 (*Notices*).

- (h) *Redemption at the option of Noteholders:*
- (i) *Application:* This Condition 10(h) (*Redemption at the option of Noteholders*) is applicable only to Senior Preferred Notes or Senior Non-Preferred Notes and if the Put Option is specified in the relevant Final Terms as being applicable.
  - (ii) *Put Options:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(h), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons and any unmatured Receipts relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(h), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(h), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (i) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(h) (*Redemption at the option of Noteholders*).
- (j) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption, pursuant to Condition 10 (*Redemption and Purchase*), 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 relevant Final Terms for the purposes of this Condition 10(j) or, if none is so specified, a Day Count Fraction of 30E/360.

In the case of Senior Notes, the call option pursuant to this Condition 10(f) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 10(f) may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 10(f) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

(k) *Purchase*: 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 10(g) (*Redemption of Subordinated Notes*); and

(iii) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, the purchase of the relevant Senior Preferred Notes or Senior Non-Preferred Notes by the Issuer or any of its Subsidiaries shall take place subject as provided in Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

(l) *Cancellation*: All Notes which are so redeemed or purchased and subsequently surrendered for cancellation by the Issuer or any of its Subsidiaries and any unmatured Coupons and Receipts attached to or surrendered with them shall be cancelled and may not be reissued or resold.

(m) *Instalments*: Unless previously redeemed, or purchased and cancelled (all as more fully described in this Condition 10), each Instalment Note will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of such Notes in definitive form, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Instalment Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note.

(n) *Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*

Any redemption of the Senior Preferred Notes and Senior Non-Preferred Notes in accordance with Condition 10(b) (*Redemption for tax reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10 (e) (*Redemption at the option of the Issuer*), Condition 10 (f) (*Partial redemption*) and any purchase in accordance with Condition 10 (k) (*Purchases*) shall be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Preferred Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements); and (ii) in case of Senior Non-Preferred Notes only, 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.

## 11. PAYMENTS

- (a) *Principal*: Payments of principal shall be made only against:
- (i) presentation and (*provided that* payment is made in full) surrender of Notes;
  - (ii) in respect of any Instalment Amount which becomes due on an Instalment Date, presentation and (*provided that* payment is made in full) surrender of the appropriate Receipts,

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).

- (b) *Interest*: Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in 11(a) (*Principal*) above.
- (c) *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.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) 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 Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant 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 (a) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10(e) (*Redemption at the option of the Issuer*), Condition 10(h) (*Redemption at the option of Noteholders*) or Condition 13 (*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.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant

Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted under Condition 11(c) (*Payments in New York City*)).

- (i) *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 Fiscal 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 14 (*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.
- (j) *Unmatured Receipts Void*: If the relevant Final Terms specifies that this Condition 10(j) is applicable or that the Instalment Note provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10(e) (*Redemption at the option of the Issuer*), Condition 10(h) (*Redemption at the option of Noteholders*) or Condition 13 (*Events of Default*), all unmaturing Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

## 12. TAXATION

- (a) *Withholding and deduction*: 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 imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.
- (b) *Gross up*: In the event that such withholding or deduction of taxes, duties, assessments, or governmental charges is required by law (as referred to in Condition 12(a)), the Issuer shall pay such additional amounts necessary for the net amounts received by the Noteholders and Couponholders after such withholding or deduction to equal the respective amounts of principal and interest, in the case of Senior Notes and to the extent permitted by the MREL Requirements, or interest only, in the case of Subordinated Notes, which would otherwise have been receivable in respect of the Notes or Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
  - (i) in the Republic of Italy;
  - (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or

- (iii) by a non-Italian resident entity or individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities; or
  - (iv) by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying on a business (including, but not limited to (A) partnerships, de facto partnerships not carrying on a business and professional associations, (B) public and private resident entities, other than companies, not carrying on a business, and (C) certain other Persons exempt from corporate income tax) or to such other Italian individual engaged in an entrepreneurial activity to which the Notes are connected or resident entities which have been or may be identified by Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation which have been or may subsequently be enacted ("**Decree 239**"); or
  - (v) in all circumstances in which the requirements and procedures set forth in Decree 239 have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
  - (vi) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
  - (vii) in respect of Notes or Coupons classified as atypical securities (*titoli atipici*) where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time.
- (c) *Taxing jurisdiction*: If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to in the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

### 13. EVENTS OF DEFAULT

*Events of Default*: If any of the following events occurs:

- (i) *Winding-up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved by Extraordinary Resolution); or
- (ii) *Analogous event*: any event occurs which under the laws of the Republic of Italy 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 Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.



#### 14. **PRESCRIPTION**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

#### 15. **REPLACEMENT OF NOTES, COUPONS AND RECEIPTS**

If any Note, Coupon or Receipt is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system 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 reasonably require. Mutilated or defaced Notes, Coupons or Receipts must be surrendered before replacements will be issued.

#### 16. **AGENTS**

In acting under the Agency Agreement and in connection with Notes, Coupons and Receipts, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any holder of any Note, Coupon or Receipt.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; *provided, however, that:*

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) the Issuer shall at all times maintain a Paying Agent outside the Republic of Italy; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of which require the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

- (a) *Meetings of Noteholders:* The Agency Agreement 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 one more than half 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-quarters or, at any adjourned meeting, one quarter 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.

- (b) *Modification and waiver:* The Notes 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 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, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

With respect to the Senior Non-Preferred Notes, any waiver or modification of the Notes may be sanctioned in accordance with the provisions of this Condition 17 only to the extent permitted under Article 12-*bis*, paragraph 4, of the Consolidated Banking Law, and the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorised signatory of the Issuer stating that such waiver or modification of the Notes is permitted under Article 12-*bis*, paragraph 4, of the Consolidated Banking Law.

- (c) *Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event*

This Condition 17(c) 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 23 (*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: (a) substitute new notes for the Subordinated Notes whereby such

new notes shall replace the Subordinated Notes, or (b) vary the terms of the 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 Fiscal Agent and the holders of Subordinated Notes and subject to receiving the prior consent from the Relevant 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.

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 17(c), "**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 23 (*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 credit ratings with the same outlook 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.
- (d) *Modification or Substitution of Senior Preferred Notes and Senior Non-Preferred Notes following a MREL Disqualification Event*

This Condition 17(d) applies to Senior Preferred 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 23 (*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: (a) substitute new notes for the Senior Preferred Notes or Senior Non-Preferred Notes whereby such new notes shall replace the Senior Preferred Notes or Senior Non-Preferred Notes, or (b) vary the terms of such Senior Preferred Notes or Senior Non-Preferred Notes, at any time without any requirement for consent of the holders of Senior Preferred Notes or Senior Non-Preferred Notes, so that the Senior Preferred Notes or Senior Non-Preferred Notes are substituted for, or as applicable, varied to, become or remain, Qualifying Senior Preferred 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 Preferred Notes or Senior Non-Preferred Notes and subject to receiving the prior consent from the Relevant Authority if and as required therefor under the MREL Requirements in force at the relevant time.

The holders of Senior Preferred Notes and Senior Non-Preferred Notes shall, by virtue of subscribing and/or purchasing and holding any Senior Preferred Notes or Senior Non-Preferred Notes, be deemed to have accepted the substitution and modification of the terms of Senior Preferred 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 Preferred Notes or Senior Non-Preferred Notes which is necessary or convenient to implement the substitution or modification of the terms of Senior Preferred Notes or Senior Non-Preferred Notes.

For the purposes of this Condition 17(d):

**"Qualifying Senior Preferred Notes"** means securities issued directly or indirectly by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior 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 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 Preferred Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Preferred Notes; (d) have the same redemption rights as the Senior Notes; (e) preserve any existing rights under the Senior 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 (e) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Senior 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 Preferred 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 23 (*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 (e) are assigned (or maintain) the same credit ratings with the same outlook 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.

## 18. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) so as to form a single series with the Notes.

## 19. NOTICES

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

## 20. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes, the Coupons or any Receipt 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 Fiscal 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.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 21. **ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant 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. **GOVERNING LAW AND JURISDICTION**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for Conditions 4 (*Status of the Senior Preferred Notes*), 5 (*Status of the Senior Non-Preferred Notes*), 6 (*Status of the Subordinated Notes*), and 23 (*Contractual recognition of bail-in powers*) which are governed by and shall be construed in accordance with Italian law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 22(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 22 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Wilmington Trust SP Services (London) Limited at Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom, or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the procedures set out in the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings outside England pursuant to paragraph (d) above.

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

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes and without prejudice to Article 55(1) of the BRRD, each Noteholder, by virtue of its acquisition of the Notes (whether on issuance or in the secondary market) agrees to be bound by and consent to:

- (i) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof: (A) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (B) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (C) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest become payable, including by suspending payment for a temporary period; and
- (ii) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

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 Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 19 (*Notices*) as soon as reasonably practicable. 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 23.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation.

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 the Bail-In Power.

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 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;



## TERMS AND CONDITIONS OF THE ITALIAN LAW NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. 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 while in Global Form" below. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

### 1. INTRODUCTION

- (a) *Programme:* ICCREA Banca S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €3,000,000,000 in aggregate principal amount of notes. Under the Programme, the Issuer may issue notes governed by Italian law (the "**Italian Law Notes**" or the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions governed by Italian law (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement governed by Italian law dated 17 September 2020 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below. The Notes may also be senior preferred notes ("**Senior Preferred Notes**"), senior non-preferred notes ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated notes ("**Subordinated Notes**"), depending on the status of the Notes specified in the relevant Final Terms.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**"), the holders of related principal receipts for the payment of instalments of principal (other than the final instalment) (the "**Receiptholders**" and the "**Receipts**", respectively) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency

Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 2. DEFINITIONS AND INTERPRETATION

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

**"Accrual Yield"** has the meaning given in the relevant Final Terms;

**"Additional Business Centre(s)"** means the city or cities specified as such in the relevant Final Terms;

**"Additional Financial Centre(s)"** means the city or cities specified as such in the relevant 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, the BRRD, the BRRD Implementing Decrees, the Banking Reform Package, the SRM Regulation CRD IV Package, the Capital Instruments Regulations, the Circular No. 285 and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority or of the institutions of the European Union (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, as the case may be);

**"Bail-in Power"** has the meaning given in Condition 23;

**"Bank Creditor Hierarchy Directive"** means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy, as amended, supplemented or replaced from time to time;

**"Benchmarks Regulation"** means Regulation (EU) No. 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;

**"Broken Amount"** has the meaning given in the relevant Final Terms;

**"BRRD"** means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time;

**"BRRD Implementing Decrees"** means the Legislative Decrees No. 180 and 181 of November 16, 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 London, 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 relevant Final Terms and, if so specified in the relevant 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 relevant 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 Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s);

"**Calculation Amount**" has the meaning given to it in the relevant Final Terms;

"**Capital Instruments Regulations**" means the Delegated Regulation and any other rules or regulations of the Relevant Authority or of the institutions of the European Union or which are otherwise applicable to the Issuer or the Group (as the case may be), whether introduced before or after the Issue Date, which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer or the Group (as the case may be) to the extent required under the CRD IV Package;

"**CET1 Instruments**" means at any time common equity tier 1 instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Circular No. 285**" means the Bank of Italy Circular No. 285 of 17 December 2013, setting forth the supervisory provisions for banks (*Disposizioni di Vigilanza per le Banche*), as amended, supplemented or replaced from time to time;

"**CMS Rate**" shall mean 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 Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent and subject to Condition 8(j) (*Benchmark Discontinuation*);

"**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 and/or an independent advisor appointed by the Issuer;

"**Consolidated Banking Law**" means Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**CRD IV**" means Directive 2013/36/EU 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, as amended, supplemented or replaced from time to time;

"**CRD IV Package**" means the CRD IV and the CRR;

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended, supplemented or replaced from time to time;

**"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 relevant Final Terms and:

- (a) 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);
- (b) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) 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
  - (ii) 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 (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (c) 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;
- (d) 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;
- (e) 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

- (f) 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.

- (g) 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;

"**Delegated Regulation**" means Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014 supplementing the CRR with regard to the regulatory technical standards for Own Funds requirements for institutions, as amended, supplemented or replaced from time to time;

"**Designated Maturity**" has the meaning given in the relevant 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 relevant 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 relevant 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 relevant Final Terms;

"**EC Proposals**" means the amendments proposed to the CRD IV Directive, the CRR and BRRD published by the European Commission on 23 November 2016 which have been politically agreed within the EU Council in December 2018 and then signed off by the EU27 Ambassadors on February 15, 2018.

"**ECB**" means the European Central Bank;

**"ECB Interest Rate"** means the European banking interest rate determined by the Governing Council of the ECB and used in Eurosystem refinancing operations. The ECB Interest Rate is published by the ECB and is available on its website;

**"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 (being, as of the date of this Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any person which takes over administration of that rate);

**"Extraordinary Resolution"** has the meaning given in the Agency Agreement;

**"Final Redemption Amount"** means:

- (i) in respect of any Note that is not an Instalment Note, its principal amount, subject to any purchase, cancellation, early redemption or repayment; and
- (ii) in respect of any Instalment Note, the final Instalment Amount;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Group Entity"** has the meaning given in Condition 23;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment and such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised:

**"Instalment Amount"** means the amount of each instalment of the Instalment Notes;

**"Instalment Date"** means the date on which each Instalment Amount is repayable;

**"Instalment Notes"** means Notes, any part of the principal amount of which is repayable by an Instalment Amount;

**"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 Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;



**"Interest Determination Cut-off Date"** has the meaning given in Condition 8(j) (*Benchmark Discontinuation*) ;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant 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 relevant 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 beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Benchmarks Supplement"** means the Benchmarks Supplement (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 relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc;

**"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 relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant 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 relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc. including, if specified in the relevant Final Terms, the ISDA Benchmark Supplement);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Issue Price"** has the meaning given in the relevant Final Terms;

**"LIBOR"** means, in respect of any specified currency and any specified period, the London inter-bank offered rate for that currency and period displayed on the appropriate page (being, as of the date of this Base Prospectus, Reuters screen page LIBOR01 or LIBOR02) on the information service which publishes that rate;

**"Loss Absorption Requirement"** means the power of the Relevant Authority to impose 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 CET1 Instruments or other instruments of ownership;

**"Margin"** has the meaning given in the relevant Final Terms;

**"Maturity Date"** has the meaning given in the relevant 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 relevant Final Terms;

**"Minimum Capital"** means the minimum amount of capital of the Issuer, as provided for by the Bank of Italy from time to time for the purposes of obtaining or maintaining the authorisation of the Bank of Italy to carry on banking activities, as certified in writing by two directors of the Issuer;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"MREL Disqualification Event"** means that, by reason of the introduction of, or a change in, the MREL Requirements, which was not reasonably foreseeable by the Issuer at the Issue Date of the relevant Series of Notes, all or part of the aggregate outstanding nominal amount of a Series of Senior Preferred Notes and/or of Senior Non-Preferred Notes (as the case may be) are or will be excluded fully or partially from the liabilities that are eligible to meet the MREL Requirements. For the avoidance of doubt: (a) the exclusion of a Series of Notes from the liabilities that are eligible to meet the MREL Requirements due to the remaining maturity of such Notes being less than any period prescribed thereunder does not constitute a MREL Disqualification Event; (b) the exclusion of all or some of a Series of Notes from the MREL Requirements due to there being insufficient headroom for such Notes within any prescribed exception to the otherwise applicable general requirements for liabilities that are eligible to meet the MREL Requirements does not constitute a MREL Disqualification Event; and (c) any exclusion shall not be "reasonably foreseeable" by the Issuer at the Issue Date of the relevant Series of Notes where such exclusion arises as a result of (i) any EU and/or national legislation which gives effect to the EC Proposals differing, as it applies to the Issuer or the Group (as the case may be), in any respect from the EC Proposals, or, if the EC Proposals have been amended at the Issue Date of the first Series of the Notes, in the form so amended at such date (including if the EC Proposals are not implemented in full), or (ii) the official interpretation or application of the EC Proposals as applicable to the Issuer or the Group (as the case may be) (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the official interpretation or application, if any, in place as at the Issue Date of the first Series of the Notes;

**"MREL Requirements"** means the laws, regulations, requirements, guidelines, rules, standards, measures and policies relating to minimum requirements for own funds and eligible liabilities applicable to the Issuer or the Group (as the case may be) from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as implementing technical standards or regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards, measures 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 a Relevant Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards, measures or policies are applied

generally or specifically to the Issuer or the Group (as the case may be)), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, measures, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

**"Own Funds"** shall have the meaning given to such term in the CRR, as interpreted and applied in accordance with the Applicable Banking Regulations;

**"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 relevant 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 relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"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 or the United Kingdom 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;

**"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 relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Instalment Amount, the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer and/or an independent advisor appointed by the Issuer, in the market that is most closely connected with the Reference Rate;

**"Reference Currency"** has the meaning given in the relevant Final Terms;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR, LIBOR, ECB Interest Rate or the CMS Rate as specified in the relevant Final Terms in respect of the currency and period specified in the relevant 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"** means any change (or pending change which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes from their classification on the Issue Date that results, or would be likely to result, in their exclusion in full or, to the extent permitted under the Applicable Banking Regulations, in part, from the Tier 2 Capital of the Issuer or, where applicable in accordance with the Applicable Banking Regulations, a reclassification as a lower quality form of Own Funds;

**"Relevant Authority"** means, as the context may require, (i) the European Central Bank or the Bank of Italy, acting within the framework of the Single Supervisory Mechanism, or any successor or replacement authority having responsibility for the prudential oversight and supervision of the Issuer or the Group (as the case may be), and/or (ii) the Italian resolution authority, the Single Resolution Board (SRB) established pursuant to the SRM Regulation, the European Council, the European Commission, acting within the framework of the Single Resolution Mechanism, or any successor or replacement authority having responsibility for the resolution of the Issuer or other entities of the Group (as the case may be) and for the exercise of any Resolution Power or Bail-in Power from time to time;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question 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 Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"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 relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Swap Rate"** means:

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

**"Relevant Time"** has the meaning given in the relevant Final Terms;

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

**"Reserved Matter"** shall have the meaning given to it in the Agency Agreement and includes, *inter alia*, 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**" has the meaning given in the relevant Final Terms;

"**Resolution Power**" has the meaning given in Condition 23;

"**Single Resolution Mechanism**" means the single resolution mechanism established pursuant to the SRM Regulation;

"**Single Supervisory Mechanism**" means the single supervisory mechanism established pursuant to the SSM Regulation;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**SRM Regulation**" has the meaning given in Condition 23;

"**SSM Regulation**" means Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, as amended, supplemented or replaced from time to time;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any Person (the "**second Person**") in which:

- (i) the majority of the votes capable of being voted in an ordinary shareholders' meeting is held, directly or indirectly, by the first Person; or
- (ii) the first Person holds, directly or indirectly, a sufficient number of votes to give the first Person a dominant influence (*influenza dominante*) in an ordinary shareholders' meeting of the second Person,

as provided by Article 2359, paragraph 1, No.1 and 2 of the Italian Civil Code;

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

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 System is open for the settlement of payments in euro;

"**Tax Event**" has the meaning given in Condition 10(b);

"**Tier 1 Capital**" means at any time tier 1 capital as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Tier 2 Capital**" means at any time tier 2 capital as interpreted and applied in accordance with the Applicable Banking Regulations;

"**Tier 2 Instruments**" means at any time tier 2 instruments as interpreted and applied in accordance with the Applicable Banking Regulations.

"**Treaty**" means the Treaty on the functioning of the European Union, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any Instalment Amounts, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes;
- (viii) any reference herein to Notes shall, unless the context otherwise requires, be deemed to include a reference to Receipts in respect of any Instalment Notes and any reference herein to Noteholders shall, unless the context otherwise requires, be deemed to include a reference to Receiptholders in respect of any Instalment Notes.

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

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. If the Notes are Instalment Notes in definitive form, they will be issued with Receipts attached. 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. Title to the Notes, the Coupons and the Receipts will pass by delivery. The holder of any Note, Coupon or Receipt 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. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

#### 4. STATUS OF THE SENIOR PREFERRED NOTES

- (a) *Application*: This Condition 4 applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes.
- (b) *Status*: The Senior Preferred Notes and any related Receipts or Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. The payment obligations of the Issuer under the Senior Preferred Notes and the Receipts or Coupons related to them shall at all times rank (save for certain obligations required to be preferred by law, including any obligations permitted by law to rank senior to the Senior Preferred Notes following the Issue Date, if any) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding (other than obligations ranking junior to the Senior Preferred Notes from time to time, including any obligations under Senior Non-Preferred Notes and any further obligations permitted by law or by their terms to rank junior to the Senior Preferred Notes following the Issue Date, if any).

In relation to each Series of Senior Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

- (c) *Waiver of set-off rights*: Each holder of a Senior Preferred 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 Senior Preferred Note.

#### 5. STATUS OF THE SENIOR NON-PREFERRED NOTES

- (a) *Application*: This Condition 5 applies only to Notes specified in the relevant Final Terms as being Senior Non-Preferred Notes.
- (b) *Status*: The Senior Non-Preferred Notes and any related Receipts or Coupons are direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer that are intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer in accordance with, and for the purposes of, Article 12-bis of the Consolidated Banking Law.

The payment obligations of the Issuer under the Senior Non-Preferred Notes and the Receipts or Coupons related to them shall at all times rank:

- (i) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes);

- (ii) *pari passu* among themselves and with any 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 Senior Non-Preferred Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

in all such cases in accordance with the provisions set forth in Article 91, paragraph 1-*bis*, letter *c-bis*) of the Consolidated Banking Law and any relevant regulation which may be enacted from time to time for the purposes of implementing such provisions and/or any laws, regulations or guidelines implementing the rules set forth in the Bank Creditor Hierarchy Directive.

In relation to each Series of Senior Non-Preferred Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

- (c) *Waiver of set-off rights*: Each holder of a Senior Non-Preferred 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 Senior Non-Preferred Note.

## 6. STATUS OF THE SUBORDINATED NOTES

- (a) *Application*: This Condition 6 applies only to Notes specified in the relevant Final Terms as being Subordinated Notes.
- (b) *Status*: The Subordinated Notes and any related Receipts or Coupons are direct, unsecured and subordinated obligations of the Issuer that are intended to qualify for regulatory purposes as Tier 2 Instruments to be included in the Tier 2 Capital of the Issuer in accordance with Article 63 of the CRR and Part II, Chapter 1 of Circular No. 285 (or any successor rules under the Applicable Banking Regulations).

The payment obligations of the Issuer under the Subordinated Notes and the Receipts or Coupons related to them shall at all times rank:

- (i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes;
- (ii) *pari passu* among themselves and with any 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 Subordinated Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other

obligations under instruments or items included in the Tier 1 Capital of the Issuer).

In relation to each Series of Subordinated Notes, all Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and/or interest thereon will be paid *pro rata* on all Notes of such Series.

- (c) *Waiver of set-off rights:* Each holder of a Subordinated 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 Subordinated Note.

The Subordinated 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 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 Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

## 7. **FIXED RATE NOTE PROVISIONS**

- (a) *Application:* This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if: (i) the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Fixed Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* 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 11 (*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, in which case 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 sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *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.
- (d) *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. FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS

- (a) *Application:* This Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if: (i) the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable; or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Floating Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* 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 11 (*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, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate in the 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 8(j) (*Benchmark Discontinuation*):
- (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 and/or an independent advisor appointed by the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide 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 Calculation Agent, 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.

(d) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the 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 8 (j) (*Benchmark Discontinuation*):

*CMS Rate plus Margin*

If the Relevant Screen Page is not available, the Issuer and/or an independent advisor appointed by 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.

- (e) *ISDA Determination*: If ISDA Determination is specified in the relevant 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 relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *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.
- (h) *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 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.

- (i) *Notifications, etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*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, the Receiptholders 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.
- (j) *Benchmark Discontinuation:* If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with this Condition 8(j)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 8(j) (cc)) and any Benchmark Amendments (in accordance with Condition 8(j) (dd)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent or the Noteholders for any determination made by it pursuant to this Condition 8(j).

- (aa) If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 8(j) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 8(j) (aa) (*Benchmark Discontinuation*) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 8(j).
- (bb) If the Independent Adviser determines in its discretion that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 8(j) (cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 8(j)) in the event of a further Benchmark Event affecting the Successor Rate; or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 8(j))(cc)) subsequently be used in place of the Reference Rate to

determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 8(j) in the event of a further Benchmark Event affecting the Alternative Rate.

- (cc) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (dd) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 8(j) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the applicable Final Terms Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with this Condition 8(j), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 8(j)).
- (ee) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 8(j) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (ff) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
  - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 8(j); and
  - (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.
- (gg) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor



Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(ii) As used in this Condition 8(j):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (C) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 8(j) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

**"Benchmark Event"** means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that

it will cease to do so by a specified future date (the “**Specified Future Date**”); or

- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the “**Specified Future Date**”), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the “**Specified Future Date**”), 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; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C) or (D) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**"Benchmark Amendments"** has the meaning given to it in Condition 8(j) (dd).

**"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 under Condition 8(j).

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) 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 benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

## 9. ZERO COUPON NOTE PROVISIONS

- (a) *Application:* This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *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 (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 9A. 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 8 (*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*) and delivering such notice to the Paying Agent and the Calculation Agent 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 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.

## 10. REDEMPTION AND PURCHASE

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 10(g) (*Redemption of Subordinated Notes*) and 11 (*Payments*).

Pursuant to Article 12-*bis*, paragraph 1, letter a), of the Consolidated Banking Law, the Maturity Date of the Senior Non-Preferred Notes shall not fall earlier than twelve months after their Issue Date.

The Maturity Date of Subordinated Notes shall not fall earlier than five years after their Issue Date, as provided under the Applicable Banking Regulations.

- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Relevant Authority) in whole, but not in part:
- (i) at any time (if, neither the Floating Rate Note Provisions nor CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (*Tax*), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes;
- (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 points (A) and (B) above have occurred within five years of the issue of the relevant Subordinated Notes, the Issuer demonstrates 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**")

*provided, however, that* no such notice of redemption shall be given earlier than: 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by a legal representative of the Issuer stating that 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 (B) 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 such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

In the case of Senior Notes, any redemption pursuant to this Condition 10(b) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, any redemption pursuant to this Condition 10(b) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

(c) *Redemption for regulatory reasons:*

- (i) *Application:* This Condition 10(c) applies only if (A) the Notes are specified in the relevant Final Terms as being Subordinated Notes; and (B) Condition 10(c) is specified in the relevant Final Terms as being applicable.
- (ii) *Redemption:* 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 10(g) (*Redemption of Subordinated Notes*) below), 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 Fiscal Agent and, in accordance with Condition 19 (*Notices*), to the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 10(c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 10(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c), at the Early Redemption Amount (Regulatory Event) described in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Any redemption pursuant to this Condition 10(c) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

(d) *Redemption of Senior Notes due to a MREL Disqualification Event*

*This Condition 10(d) applies only to Notes specified in the relevant Final Terms as being Senior Preferred Notes or Senior Non-Preferred Notes.*

If an Issuer Call due to a MREL Disqualification Event is specified in the relevant Final Terms as being applicable, then in cases where the Issuer determines that a MREL Disqualification Event has occurred and is continuing with respect to a Series of Senior Preferred Notes or Senior Non-Preferred Notes, any such Series may be redeemed at the option of the Issuer in whole, but not in part:

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

on giving not less than 30 days nor more than the maximum period of notice specified in the applicable Final Terms to the Fiscal Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall be irrevocable).

Upon the expiry of any such notice as is referred to in this Condition 10(d), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(d), at their Early Redemption Amount (MREL Disqualification Event) described in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 10(d), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that 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 such evidence shall be conclusive and binding on the Noteholders and the Couponholders).

Any redemption pursuant to this Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

- (e) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to prior approval of the Relevant Authority) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (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 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 (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

In the case of Senior Notes, the call option pursuant to this Condition 10(e) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 10(e) may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 10(e) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (f) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 10(e) (*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 Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10(e) (*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 relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or less than the minimum so specified.

In the case of Senior Notes, the partial redemption pursuant to this Condition 10(f) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no partial redemption in accordance with this Condition 10(f) may be exercised by the Issuer to redeem, in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the partial redemption pursuant to this Condition 10(f) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (g) *Redemption of Subordinated Notes*

Any redemption of the Subordinated Notes in accordance with Condition 10(a) (*Scheduled redemption*), Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10 (e) (*Redemption at the option of the Issuer*), Condition 10 (f) (*Partial redemption*) and any purchase in accordance with Condition 10 (k) (*Purchases*) shall be subject to:

- (i) the Issuer giving notice to the Relevant Authority and such Relevant Authority granting prior permission to redeem or repurchase the relevant Subordinated Notes, in each case to the extent required by and in accordance with the Applicable Banking Regulations. Failure to redeem any such Notes where such consent has not

been granted (to the extent such consent was required by and in accordance with the Applicable Banking Regulations) shall not constitute a default of the Issuer for any purpose; and

- (ii) compliance by the Issuer with any alternative or additional requirements to redemption or repurchase, as applicable, set out in the Applicable Banking Regulations.

Amounts that would otherwise be payable on the due date will continue to bear interest until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Notes up to that day are received by or on behalf of the Noteholders and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of such Subordinated Notes up to such seventh day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 19 (*Notices*).

(h) *Redemption at the option of Noteholders:*

- (i) *Application:* This Condition 10(h) (*Redemption at the option of Noteholders*) is applicable only to Senior Preferred Notes or Senior Non-Preferred Notes and if the Put Option is specified in the relevant Final Terms as being applicable.

- (ii) *Put Options:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(h), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons and any unmatured Receipts relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(h), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(h), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (i) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(h) (*Redemption at the option of Noteholders*).

- (j) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption, pursuant to Condition



10 (*Redemption and Purchase*), 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 relevant Final Terms for the purposes of this Condition 10(j) or, if none is so specified, a Day Count Fraction of 30E/360.

In the case of Senior Notes, the call option pursuant to this Condition 10(f) shall be subject to Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 10(f) may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 10(f) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (k) *Purchase*: The Issuer or any of its Subsidiaries may purchase Notes in any manner and at any price, provided that:
  - (i) all unmaturing 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 10(g) (*Redemption of Subordinated Notes*); and
  - (iii) in the case of Senior Preferred Notes and Senior Non-Preferred Notes, the purchase of the relevant Senior Preferred Notes or Senior Non-Preferred Notes by the Issuer or any of its Subsidiaries shall take place subject as provided in Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).
- (l) *Cancellation*: All Notes which are so redeemed or purchased and subsequently surrendered for cancellation by the Issuer or any of its Subsidiaries and any unmaturing Coupons and Receipts attached to or surrendered with them shall be cancelled and may not be reissued or resold.
- (m) *Instalments*: Unless previously redeemed, or purchased and cancelled (all as more fully described in this Condition 10), each Instalment Note will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of such Notes in definitive form, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be

presented with the Instalment Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note.

(n) *Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*

Any redemption of the Senior Preferred Notes and Senior Non-Preferred Notes in accordance with Condition 10(b) (*Redemption for tax reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10 (e) (*Redemption at the option of the Issuer*), Condition 10 (f) (*Partial redemption*) and any purchase in accordance with Condition 10 (k) (*Purchases*) shall be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Preferred Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements); and (ii) in case of Senior Non-Preferred Notes only, 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.

11. **PAYMENTS**

(a) *Principal*: Payments of principal shall be made only against:

- (i) presentation and (*provided that* payment is made in full) surrender of Notes;
- (ii) in respect of any Instalment Amount which becomes due on an Instalment Date, presentation and (*provided that* payment is made in full) surrender of the appropriate Receipts,

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).

(b) *Interest*: Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in 11(a) (*Principal*) above.

(c) *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.

- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) 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 Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant 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 (a) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax*

reasons), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10(e) (*Redemption at the option of the Issuer*), Condition 10(h) (*Redemption at the option of Noteholders*) or Condition 13 (*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.

- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted under Condition 11(c) (*Payments in New York City*)).
- (i) *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 Fiscal 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 14 (*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.
- (j) *Unmatured Receipts Void*: If the relevant Final Terms specifies that this Condition 10(j) is applicable or that the Instalment Note provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10(e) (*Redemption at the option of the Issuer*), Condition 10(h) (*Redemption at the option of Noteholders*) or Condition 13 (*Events of Default*), all unmatured Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

## 12. TAXATION

- (a) *Withholding and deduction*: 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 imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.
- (b) *Gross up*: In the event that such withholding or deduction of taxes, duties, assessments, or governmental charges is required by law (as referred to in Condition 12(a)), the Issuer shall pay such additional amounts necessary for the net amounts received by the Noteholders and Couponholders after such withholding or deduction to equal the

respective amounts of principal and interest, in the case of Senior Notes and to the extent permitted by the MREL Requirements, or interest only, in the case of Subordinated Notes, which would otherwise have been receivable in respect of the Notes or Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) in the Republic of Italy;
  - (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or
  - (iii) by a non-Italian resident entity or individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities; or
  - (iv) by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying on a business (including, but not limited to (A) partnerships, de facto partnerships not carrying on a business and professional associations, (B) public and private resident entities, other than companies, not carrying on a business, and (C) certain other Persons exempt from corporate income tax) or to such other Italian individual engaged in an entrepreneurial activity to which the Notes are connected or resident entities which have been or may be identified by Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation which have been or may subsequently be enacted ("**Decree 239**"); or
  - (v) in all circumstances in which the requirements and procedures set forth in Decree 239 have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
  - (vi) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
  - (vii) in respect of Notes or Coupons classified as atypical securities (*titoli atipici*) where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended or supplemented from time to time.
- (c) *Taxing jurisdiction*: If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to in the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

### 13. **EVENTS OF DEFAULT**

*Events of Default*: If any of the following events occurs:

- (i) *Winding-up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved by Extraordinary Resolution); or
- (ii) *Analogous event*: any event occurs which under the laws of the Republic of Italy 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 Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

#### 14. **PRESCRIPTION**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

#### 15. **REPLACEMENT OF NOTES, COUPONS AND RECEIPTS**

If any Note, Coupon or Receipt is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system 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 reasonably require. Mutilated or defaced Notes, Coupons or Receipts must be surrendered before replacements will be issued.

#### 16. **AGENTS**

In acting under the Agency Agreement and in connection with Notes, Coupons and Receipts, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any holder of any Note, Coupon or Receipt.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) the Issuer shall at all times maintain a Paying Agent outside the Republic of Italy; and

- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of which require the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

#### 17. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER

- (a) *Meetings of Noteholders:* The Agency Agreement 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 one more than half 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-quarters or, at any adjourned meeting, one quarter 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.

- (b) *Modification and waiver:* The Notes 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 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, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

With respect to the Senior Non-Preferred Notes, any waiver or modification of the Notes may be sanctioned in accordance with the provisions of this Condition 17 only to the extent permitted under Article 12-*bis*, paragraph 4, of the Consolidated Banking Law, and the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorised signatory of the Issuer stating that such waiver or modification of the Notes is permitted under Article 12-*bis*, paragraph 4, of the Consolidated Banking Law.

- (c) *Modification of Subordinated Notes following a Regulatory Event or a Tax Event*

This Condition 17(c) applies to Subordinated Notes if Modification 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 23 (*Contractual Recognition of Bail-in Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority vary the terms of the Subordinated Notes, at any time without any requirement for consent of the holders of Subordinated Notes, so that the Subordinated Notes are varied to become or remain Qualifying Subordinated Notes, subject to having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and the holders of Subordinated Notes and subject to receiving the prior consent from the Relevant 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.

The holders of Subordinated Notes shall, by virtue of subscribing and/or purchasing and holding any Subordinated Notes, be deemed to have accepted the 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 modification of the terms of Subordinated Notes.

For the purposes of this Condition 17(c), "**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 23 (*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; and (f) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Subordinated Notes (if rated) immediately prior to modification;
  - (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; and
  - (iii) are not subject, at the time of, or immediately following, such modification, to any early redemption right for taxation reasons.
- (d) *Modification of Senior Preferred Notes and Senior Non-Preferred Notes following a MREL Disqualification Event*

This Condition 17(d) applies to Senior Preferred Notes or Senior Non-Preferred Notes if Modification 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 23 (*Contractual Recognition of Bail-in Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority vary the terms of such Senior Preferred Notes or Senior Non-Preferred Notes, at any time without any requirement for consent of the holders of Senior Preferred Notes or Senior Non-Preferred Notes, so that the Senior Preferred Notes or Senior Non-Preferred Notes are varied to become or remain Qualifying Senior Preferred 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 Preferred Notes or Senior Non-Preferred Notes and subject to receiving the prior consent from the Relevant Authority if and as required therefor under the MREL Requirements in force at the relevant time.

The holders of Senior Preferred Notes and Senior Non-Preferred Notes shall, by virtue of subscribing and/or purchasing and holding any Senior Preferred Notes or Senior Non-Preferred Notes, be deemed to have accepted the modification of the terms of Senior Preferred 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 Preferred Notes or Senior Non-Preferred Notes which is necessary or convenient to implement the modification of the terms of Senior Preferred Notes or Senior Non-Preferred Notes.

For the purposes of this Condition 17(d):

**"Qualifying Senior Preferred Notes"** means securities issued directly or indirectly by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior 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 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 Preferred Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Preferred Notes; (d) have the same redemption rights as the Senior Notes; (e) preserve any existing rights under the Senior 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; and (e) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Senior Preferred Notes (if rated) immediately prior to such variation; and
- (ii) are listed or admitted to trading on a recognised stock exchange if the Senior Preferred Notes were listed or admitted to trading immediately prior to such modification.

**"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 23 (*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; and (e) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Senior Non-Preferred Notes (if rated) immediately prior to such variation; 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.

#### 18. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) so as to form a single series with the Notes.

#### 19. NOTICES

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### 20. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes, the Coupons or any Receipt 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 Fiscal 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.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 21. **ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant 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. **GOVERNING LAW AND JURISDICTION**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by Italian law.
- (b) *Italian courts:* The courts of Milan have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum:* The Issuer agrees that the courts of Milan are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside Italy:* Condition 22(b) (*Italian courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 22 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

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

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes and without prejudice to Article

55(1) of the BRRD, each Noteholder, by virtue of its acquisition of the Notes (whether on issuance or in the secondary market) agrees to be bound by and consent to:

- (i) the effects of the exercise of the Bail-In Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof: (A) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (B) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (C) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest become payable, including by suspending payment for a temporary period; and
- (ii) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-In Power by the Relevant Authority.

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 Authority.

Upon the Issuer becoming aware of the exercise of the Bail-In Power by the Relevant Authority with respect to the Notes, the Issuer shall provide a notice to the holders of the Notes in accordance with Condition 19 (*Notices*) as soon as reasonably practicable. 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 23.

The exercise of the Bail-In Power by the Relevant Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply to the outstanding principal amount of the Notes subject to any modification of the amount of interest payments to reflect the reduction of the outstanding principal amount, and any further modification of the terms that the Relevant Authority may decide in accordance with applicable laws and regulations, including in particular the BRRD and the SRM Regulation.

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 the Bail-In Power.

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 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;

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**[PROHIBITION OF SALES TO EEA OR 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 European Economic Area ("EEA") or 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 (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or UK may be unlawful under the 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 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 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 manufacturers' target market assessment) and determining appropriate distribution channels.]

Final Terms dated [●]

**ICCREA Banca S.p.A.**

Issue of [currency] [amount] [description] Notes

under the €3,000,000,000

**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 Conditions (the "Conditions") set forth in the Base Prospectus dated 17 September 2020 [and the supplement to the Base Prospectus dated [insert date] [delete if not applicable],] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation"). This document constitutes the Final Terms of the Notes described

herein for the purposes of the Prospectus Regulation. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented]. 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. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at and copies may be available from the address of the Issuer at Via Lucrezia Romana 41/47, 00178 Rome (Italy) and the website of the Issuer ([www.iccreabanca.it](http://www.iccreabanca.it)). The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).]

*(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 sub-paragraphs. 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).*

1. [(i)] [Series Number:] [●]
- [(ii)] [Tranche Number:] [●]
- [(iii)] Date on which the Notes become fungible: [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to be on or about [●].]
  
2. **Specified Currency or Currencies:** [●]  
*(Condition 2(a) (Definitions and Interpretation – Definitions – "Specified Currency"))*
  
3. **Aggregate Nominal Amount:** [●]  
[(i)] [Series:] [●]  
[(ii)] [Tranche:] [●]
  
4. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] *(in the case of fungible issues only, if applicable)*  
*(Condition 2(a) (Definitions and Interpretation – Definitions – "Issue Price"))*

5. (i) **Specified denominations:** [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●].]  
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Specified Denominations"*))

*(The minimum denomination of Notes admitted to trading on a regulated market within the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency).)*

*(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).)*

- (ii) **Calculation Amount:** *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*  
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Calculation Amount"*))

6. [(i)] **Issue Date:** [●]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Issue Date"*))

- [(ii)] **Interest Commencement Date** [Issue Date]/[Not Applicable]/ [●]  
(if different from the Issue Date):

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Interest Commencement Date"*))



7. **Maturity Date:** (Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year)  
(Condition 2(a) (Definitions and Interpretation – Definitions – "Maturity Date"))

(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.)

8. **Interest Basis:** [[●] per cent. Fixed Rate]

(Condition 7 (Fixed Rate Note Provisions) / Condition 8 (Floating Rate and CMS Linked Interest Note Provisions) and Condition 9 (Zero Coupon Note Provisions))

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

[[EURIBOR]/[LIBOR]/[ECB Interest Rate] +/- [ ] per cent. per annum Floating Rate]

[Floating Rate: CMS Linked Interest]

[Zero Coupon]

(further particulars specified below)

9. **Redemption/Payment Basis:** [Redemption at par]/[Redemption at par in Instalment Amounts]

10. **Change of Interest Basis:** [Applicable / Not Applicable]

(Condition 9A (Change of Interest Basis)) (if applicable, specify the date when any fixed to floating rate or vice-versa change occurs or cross refer to paragraphs 13 and 14 (as appropriate) below and identify there)

(If not applicable, delete the remaining subparagraphs of this paragraph)

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

(i) Reset Date(s): [●]

(ii) 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 19 on or prior to the relevant Switch Option Expiry Date)

(iii) Switch Option Expiry Date: [●]

11. **Put/Call Options:** [Investor Put]

(Condition 10(e) (*Redemption and Purchase – Redemption at the option of the Issuer*)) or (Condition 10(h) (*Redemption and Purchase – Redemption at the option of Noteholders*)) and Condition 10(f) (*Redemption and Purchase – Partial redemption*)) [Issuer Call] [Issuer Call due to MREL Disqualification Event] [(further particulars specified in paragraph [16]/[17]/[18]/[19]/[20]/[21] below)]

12. (i) **Status of the Notes:** [Senior Preferred Notes]/[Senior Non-Preferred Notes]/[Subordinated Notes]  
(Condition 4 (*Status of Senior Preferred Notes*)) or Condition 5 (*Status of Senior Non -Preferred Notes*) or Condition 6 (*Status of Subordinated Notes*)

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **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] [●]]]  
(Condition 7 (*Fixed Rate Note Provisions*))

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) **Rate(s) of Interest:** [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]  
(Condition 7(b) (*Fixed Rate Note Provisions – Accrual of interest*))

(ii) Interest Payment Date(s): [●] in each year up to and including the Maturity Date  
(Condition 2(a) (Definitions and Interpretation – Definitions – "Interest Payment Date"))

(iii) Fixed Coupon Amount(s): [[●] per Calculation Amount]  
(Condition 2(a) (Definitions and Interpretation – Definitions – "Fixed Coupon Amount")) (Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods.)

/

(for Instalment Notes only:) [See column "Fixed Coupon Amount per Note of a denomination of the Calculation Amount" in the Appendix to the Final Terms for details of the Fixed Coupon Amount per Note of a denomination of the Calculation Amount payable on each Interest Payment Date]

(iv) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] / [Not Applicable]  
(Condition 2(a) (Definitions and Interpretation – Definitions – "Broken Amount"))

(v) Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/365]/[Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[30/360]/[Eurobond basis]  
(Condition 2(a) (Definitions and Interpretation – Definitions – "Day Count Fraction"))

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] [●]]]  
(Condition 8 (Floating Rate and CMS Linked Interest Note Provisions))

(If not applicable, delete the remaining subparagraphs of this paragraph.)

(i) Interest Payment Dates: [●]  
(Condition 2(a) (Definitions and Interpretation –

*Definitions – "Interest Payment Date")*

- (ii) Business Day Convention: [Floating Rate Convention/  
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Business Day Convention")*)  
Following Business Day Convention/  
Modified Following Business Day Convention/  
Preceding Business Day Convention]
- (iii) Specified Period: [Not Applicable]/ [●]  
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Specified Period")*)
- (iv) Additional Business Centre(s): [Not Applicable/[●]]  
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Additional Business Centre(s)")*)
- (v) Manner in which the Rate(s) [Screen Rate Determination/ISDA of Interest is/are to be Determination] determined:  
(Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*))
- (vi) Party responsible for [[Name] shall be the Calculation Agent] (*no need calculating the Rate(s) of to specify if the Fiscal Agent is to perform this Interest and Interest function*)  
Amount(s) (if not the Fiscal Agent):  
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Calculation Agent")*)
- (vii) Screen Rate Determination:  
(Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*))

- Reference Rate: [LIBOR/EURIBOR/ECB Interest Rate/CMS Rate]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Reference Rate"*))

- Reference Banks: [Not Applicable]/ [●]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Reference Banks"*))

- Interest Determination [●]

Date(s):

(*in the case of a CMS Rate where the Reference Currency is euro*):[Second day on which the TARGET2 System is open prior to the start of each Interest Period]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Interest Determination Date"*))

(*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]

- Relevant Screen Page: [For example, Reuters page EURIBOR01]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Relevant Screen Page"*))

(*In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions*)

- Relevant Time: [For example, 11.00 a.m.[London/Brussels] time]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Relevant Time"*))

- Relevant Financial Centre: (*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*)

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Relevant Financial Centre"*))

- [Reference Currency:] [●]

*(only relevant where the CMS Rate is the Reference Rate)*

*(Condition 2(a) (Definitions and Interpretation – Definitions – "Reference Currency"))*

- [Designated Maturity:] [●]

*(only relevant where the CMS Rate is the Reference Rate)*

*(Condition 2(a) (Definitions and Interpretation – Definitions – "Designated Maturity"))*

- [Provisions relating to the occurrence of a Regulatory Event in case of Replacement Reference Rate:] [Applicable/Not Applicable]

(viii) ISDA Determination:

*(Condition 8(e) (Floating Rate and CMS Linked Interest Note Provisions – ISDA Determination))*

- Floating Rate Option: [●]

- Designated Maturity: [●]

- Reset Date: [●]

*(In the case of a LIBOR or EURIBOR or ECB Interest Rate or CMS Rate based option, the first day of the Interest Period)*

(ix) Margin(s): [ +/- ] [●] per cent. per annum

*(Condition 2(a) (Definitions and Interpretation – Definitions – "Margin"))*

(x) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]

*(Condition 8(f) (Floating Rate and CMS Linked Interest Note*

*Provisions – Maximum or Minimum Rate of Interest))*

(xi) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]

*(Condition 8(f) (Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest))*

(xii) Day Count Fraction: [Actual/Actual (ICMA)]/

*(Condition 2(a) (Definitions and Interpretation – Definitions – "Day Count Fraction"))* [Actual/365]/  
[Actual/Actual (ISDA)]/

[Actual/365 (Fixed)]/

[Actual/360]/[30/360]/[30/360]/[Eurobond basis]

15. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Accrual Yield: [●] per cent. per annum

*(Condition 2(a) (Definitions and Interpretation – Definitions – "Accrual Yield"))*

(ii) Reference Price: [●]

*(Condition 2(a) (Definitions and Interpretation – Definitions – "Reference Price"))*

## **PROVISIONS RELATING TO REDEMPTION**

16. **Call Option:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Optional Redemption Date(s) [●]  
(Call):

*(If the Notes are Subordinated Notes, unless otherwise permitted by current laws,*

Condition 10(e) (*Redemption regulations, directives and/or the Relevant and Purchase – Redemption at Authority's requirements applicable to the issue the option of the Issuer*) and of Subordinated Notes by the Issuer, the Optional Condition 10(f) (*Redemption Redemption Date shall not be earlier than five and Purchase – Partial years after the Issue Date*) redemption)

(*If the Notes are 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, the Optional Redemption Date shall not be earlier than twelve months after the Issue Date*)

- (ii) Optional Redemption [●] per Calculation Amount Amount(s) (Call):

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Optional Redemption Amount (Call)"*))

- (iii) If redeemable in part:

- (a) Minimum Redemption [●] Amount:

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Minimum Redemption Amount"*))

- (b) Maximum [●] Redemption Amount:

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Maximum Redemption Amount"*))

- (iv) Notice period (if other than as [●] set out in the Conditions):

Condition 10(e) (*Redemption and Purchase – Redemption at (N.B. If setting notice periods which are different the option of the Issuer) and from those provided in the Conditions, the Issuer Condition 10(f) (Redemption is advised to consider the practicalities of and Purchase – Partial distribution of information through redemption) 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 Paying Agent)*

**17. Regulatory Call:** [Condition 10(c) is applicable/Not Applicable]

(Condition 10(c) (*Redemption and (Only applicable for Subordinated Notes. If not Purchase – Redemption for regulatory applicable, delete the remaining sub-paragraphs reasons)* of this paragraph))

**18. Issuer Call due to a MREL Disqualification Event** [Condition 10(d) is applicable/Not Applicable]

(Condition 10(d)) *(Only relevant in the case of Senior Preferred 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. If setting notice periods which are different from those provided in the Conditions, 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 Paying Agent)*

**19. Put Options:** [Applicable/Not Applicable]

(Condition 10(h) (*Redemption and (Applicable only to Senior Notes/if not Purchase – Redemption at the option applicable, delete the remaining sub-paragraphs of Noteholders)* of this paragraph))

(i) Optional Redemption Date(s) [●] (Put):

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Optional Redemption Date (Put)"*))

(ii) Optional Redemption [●] per Calculation Amount Amount(s) (Put):

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Optional Redemption Amount (Put)"*))

- (iii) Notice period (if other than as [●] set out in the Conditions):

*(N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer and Purchase – Redemption at the option of Noteholders)) 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 Paying Agent)*

**20. Final Redemption Amount:**

*(for all Notes other than Instalment Notes or Zero Coupon Notes:)* [at 100 per cent. of their nominal amount] / *(for Zero Coupon Notes only:)* [[●] per Calculation Amount] / *(for Instalment Notes only:)* [Notes will be redeemed by payment of Instalment Amounts on each Interest Payment Date in accordance with the Appendix to the Final Terms hereto and in the amount set out therein. Upon payment of each Instalment Amount, the outstanding principal amount of each Note shall be reduced by the relevant Instalment Amount for all purposes.

The Final Redemption Amount will be the final Instalment Amount as set out in the Appendix to the Final Terms hereto.]

**21. Early Redemption Amount:**

- (a) Early Redemption Amount(s) [Not Applicable]/ [●]/*(for Instalment Notes payable on redemption for only:)* [The Early Redemption Amount will be, in respect of each Note, the principal amount of the Notes outstanding following the payment of any Instalment Amounts paid by the Issuer prior to the relevant date for redemption, as set out in the Appendix to the Final Terms hereto.]

*(Condition 2(a) (Definitions Interpretation – Definitions – "Early Redemption Amount (Tax)" and "Early Redemption Amount (Regulatory Event)") (If the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or Early Redemption Amount (Regulatory Event) and/or the Early Termination Amount if different from the principal amount of the Notes.)*

- (b) Early Redemption Amount [●] per Calculation Amount/[●] payable on redemption upon the occurrence of a MREL

Disqualification Event as contemplated by Condition 10(d):

22. **Instalment Notes:** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Instalment Amount(s) The amounts set out in the table in the Appendix to the Final Terms.
- Notes will be redeemed by payment of the Instalment Amounts on each Interest Payment Date in accordance with the Appendix to the Final Terms hereto and in the amount set out therein. Upon payment of each Instalment Amount, the outstanding principal amount of each Note shall be reduced by the relevant Instalment Amount for all purposes.
- (ii) Instalment Date(s): Each Interest Payment Date as set out in the Appendix to the Final Terms.
23. **Modification or Substitution of Notes (for English Law Notes), Modification of Notes (for Italian Law Notes)**
- (a) Modification or Substitution [Applicable]/[Not Applicable] in relation to of Subordinated Notes for [Regulatory Event/Tax Event] Regulatory Event/Tax Event (for English Law Notes); Modification of Subordinated Notes for Regulatory Event/Tax Event (for Italian Law Notes):
- (b) Modification or Substitution [Applicable]/[Not Applicable] of Senior Preferred Notes and Senior Non-Preferred Notes for MREL Disqualification Event (for English Law Notes); Modification of Senior Preferred Notes and Senior Non-Preferred Notes for MREL Disqualification Event (for Italian Law Notes):

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. **Form of Notes:** [Temporary Global Note exchangeable for Definitive Notes on [30] days' notice.]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [30] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Permanent Global Note exchangeable for Definitive Notes on [30] 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 €100,000 (or equivalent) and integral multiples of €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.)*
25. **New Global Note Form:** [Applicable/Not Applicable]
26. **Additional Financial Centre(s) or other special provisions relating to Payment Business Days:** [Not Applicable/[●].]
- (Note that this paragraph relates to the place of payment)*
27. **Talons for future Coupons or Receipts to be attached to Definitive Notes** (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupons are left.]

### THIRD PARTY INFORMATION

[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 [(specify source)], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange /(*specify*)/None]/[Not Applicable]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange]/ [●] with effect from [●].]/[Not Applicable.] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)
- (iii) Estimated total expenses of admission to trading: [●] / [Not Applicable]

### 2. RATINGS

**Ratings:**

[The Notes to be issued have been rated:

[Fitch: [●]]

[S&P: [●]]

[[Other]: [●]]]

*(Insert where the issue has been specifically rated)*

[The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:

[Fitch: [●]]

[S&P: [●]]

[DBRS: [●]]

[[Other]: [●]]]

*(Insert where the issue has not been specifically rated)*

*(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 or UK:)*

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA or UK and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered]/[has applied for registration although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]/[is neither registered nor has it applied for registration] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]

*(Insert the following where the relevant credit rating agency is not established in the EEA or UK:)*

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA or UK [but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA or UK and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered] / [but is certified] / [and is not certified under nor is the rating it has given to the Notes endorsed by a credit rating agency established in the EEA or UK and registered] under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

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

(2) the rating is provided by a credit rating agency not established in the EEA or UK which is certified under the CRA Regulation.

*(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Need to include a description of any interest, including a conflict of interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save for any fees payable to the [[Joint Lead] Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." *(Amend as appropriate if there are other interests).*

**4. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Use of Proceeds: [●] [See ["Use of Proceeds"] in Base Prospectus]

*(If use of proceeds is different from what is disclosed in the Base Prospectus, will need to include those use of proceeds here. If the Notes are Social Bonds or Green Bonds or Sustainability Bonds describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied and refer to the relevant bond framework.)*

(ii) Estimated net proceeds: [●]

**5. [Fixed Rate Notes only] YIELD**

**Indication of yield:** [Not Applicable]

[●]

Calculated as *(include details of method of calculation in summary form)* on the Issue Date.

**6. [Floating Rate Notes and CMS Index Linked Interest Notes only] HISTORIC INTEREST RATES**

[Not Applicable]

[Details of historic [LIBOR/EURIBOR/ECB Interest Rate/CMS Rate] rates can be obtained from [Reuters].

[Benchmarks:

Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) No. 2016/1011) (the "**Benchmarks Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorisation or registration.]]

## 7. OPERATIONAL INFORMATION

(i) ISIN: [●]

(ii) Common Code: [●]

(iii) New Global Note 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. 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.]]



- (iv) Any clearing system(s) other [Not Applicable/[●] (*give name(s), number(s) than Euroclear Bank SA/NV and Clearstream Banking, société anonyme, Luxembourg and the relevant identification number(s) and addresses:*)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of [●] additional Paying Agent(s) (if any):

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
  - a) If syndicated, names of [Not Applicable/[●] (*give names, addresses and Managers:* *underwriting commitments*)]
 

*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
  - b) Date of Subscription [●] Agreement:
  - c) Stabilising Manager(s) (if [Not Applicable/[●] (*give name*)] any):
- (ii) If non-syndicated, name of [Not Applicable/[●] (*give name and address*)] Dealer:
- (iii) US Selling Restrictions: [Reg. S Compliance Category 2] / [TEFRA [C]/[D]] / [TEFRA not applicable]
- (iv) Prohibition of sales to EEA and [Applicable] / [Not applicable] UK Retail Investors:
 

*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)*

(for Instalment Notes only:)

**[APPENDIX TO THE FINAL TERMS]**

<b>Instalment Date</b>	<b>Aggregate Nominal Amount outstanding at each date prior to the scheduled redemption of Instalment Amount</b> (in [Specified Currency])	<b>Instalment Amount</b> (in [Specified Currency])	<b>Principal Amount outstanding following payment of Instalment Amount</b> (in [Specified Currency])	<b>Aggregate of Interest payable on each Interest Payment Date and on the Maturity Date in respect of the last payment</b> (in [Specified Currency])	<b>Instalment Amount per Note of a denomination of</b> [Calculation Amount] (in [Specified Currency])	<b>Fixed Coupon Amount per Note of a denomination of</b> [Calculation Amount] (in [Specified Currency])
[•]	[•]	[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]	[•]	[•]

[To be completed in respect of each Instalment Note]

## **OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Clearing System Accountholders**

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 of 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 depository or a common depository (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream Banking and/or any other relevant clearing system, will be that depository or common depository or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream Banking and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream Banking 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 Banking 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:

- (a) 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
- (b) 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 Banking and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal 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, Talons and Receipts attached (if so specified in the relevant 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 Fiscal 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 forty-fifth 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 of the Notes 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 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 forty-fifth 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 17 September 2019 (the "**Deed of Covenant**") executed by the Issuer in connection with the English Law Notes). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream Banking 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 Banking and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

In addition to the requirements and procedures set out in this section, any exchange of Temporary Global Notes will be subject to the requirements and procedures set out under "*Form of the Notes*".

### **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, Talons and Receipts attached (if so specified in the relevant 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 Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of 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 the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth 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 Banking 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 Banking and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

In addition to the requirements and procedures set out in this section, any exchange of Permanent Global Notes will be subject to the requirements and procedures set out under "*Form of the Notes*".

### **Conditions applicable to Global Notes**

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes 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 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 Banking.

- *Exercise of put option:* In order to exercise the option contained in Condition 10(h) (*Redemption at the option of Noteholders*), 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 of such exercise to the Fiscal 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.
- *Partial exercise of call option:* In connection with an exercise of the option contained in Condition 10(e) (*Redemption at the option of the Issuer*) 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 Banking (to be reflected in the records of Euroclear and Clearstream Banking, at their discretion, as either a pool factor or a reduction in principal amount).
- *Notices:* Notwithstanding Condition 19 (*Notices*), 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 Banking 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 Banking and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream Banking and/or any other relevant clearing system; except that for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is also a requirement of applicable laws or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).
- *Payment Business Day:* Notwithstanding the definition of "Payment Business Day" in Condition 2(a) (*Definitions*), 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 Banking 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.

## DESCRIPTION OF THE ISSUER

### General

#### *Introduction*

ICCREA Banca S.p.A. (the "**Issuer**") is a bank incorporated in Italy as a limited liability company (*società per azioni*). The full legal name of the Issuer is "Iccrea Banca S.p.A. – Istituto Centrale del Credito Cooperativo", and its abbreviated form is "Iccrea Banca S.p.A.".

The Issuer, a member of Gruppo IVA Gruppo Bancario Cooperativo Iccrea, is registered in the companies register of Rome under number 04774801007, tax code and VAT number 15240741007 and with the register of banks held by the Bank of Italy under number 20016. Its registered office is located at Via Lucrezia Romana 41/47, 00178 Rome (Italy) and its telephone number is +39 06 72071.

The Issuer's business authorisation is valid until 31 December 2050, with the possibility of this term being extended by an extraordinary shareholders' meeting under article 2 of the Issuer's by-laws.

In February 2016, Law Decree No. 18 of 14 February 2016 was published in the Official Gazette of the Italian Republic (and subsequently converted into law with amendments by Law no. 49/2016) (the "**BCC Reform Law**") introducing a series of important reforming measures for Italy's cooperative credit banks (*banche di credito cooperativo*).

The Issuer has since undergone a corporate reorganisation pursuant to the BCC Reform Law, and has become group head company (*capogruppo* for the purposes of the BCC Reform Law) of the Iccrea Cooperative Banking Group (*Gruppo Bancario Cooperativo Iccrea*) (the "**Group**") which, at the date of this Base Prospectus comprises 136 cooperative credit banks (*banche di credito cooperativo*) (the "**BCCs**") and the Group Companies (defined below).

As at the date of this Base Prospectus, 95.769% of the Issuer's shares are held by the BCCs, Cassa Centrale Banca del Nord-Est, Raiffeisen Landesbank Sudtirolo Cassa Centrale dell'Alto Adige and certain other banks. The remaining shares in the Issuer are owned by other entities permitted under the BCC Reform Law. For more information, see "*Shareholdings in the Issuer*" below.

The Issuer has majority shareholdings in the following companies which, together with the BCCs and the Issuer form the Group: Iccrea Bancaimpresa S.p.A., BCC Factoring S.p.A., BCC Lease S.p.A., BCC CreditoConsumo S.p.A., BCC Risparmio&Previdenza SGR, Banca Sviluppo S.p.A., BCC Gestione Crediti S.p.A., In.Cra. S.r.l., BCC Beni Immobili S.r.l., Sinergia Sistemi di Servizi S.r.l., Sigest S.r.l., Banca Mediocredito FVG S.p.A., BCC Solutions S.p.A., Immobiliare Banca d'Alba S.r.l., BCC Sistemi Informatici S.c.p.A., BIT S.p.A., Brianza Elaborazione Dati S.p.A., Coopersystem Società Cooperativa S.p.A., Sirius Project S.r.l. and Accademia BCC in liquidation (the "**Group Companies**").

In addition, the Issuer has controlling shareholdings in the following companies: Ventis S.r.l. (95%), BCC Retail Scarl (59.403%), FDR Gestione Crediti S.p.A. (100%) and 13metriquadri Srl (95%). The Issuer also holds minority participations in BCC Assicurazioni S.p.A. (30.35%), BCC Vita S.p.A. (30.35%), M-Facility S.p.A. (41.5%), Satispay S.p.A. (15.09%) and Hi-Mtf Sim S.p.A. (25%). Such companies fall outside the perimeter of the Group.

## ***History and Development***

The origins of the Issuer and its current corporate structure can be traced back to the 1960's. "*Istituto di Credito delle Casse Rurali e Artigiane*" abbreviated "ICCREA", (Credit Institution of Rural and Artisan Banks), (the "**Credit Institution**") was incorporated on 30 November 1963, with approximately 190 rural banks signing its charter.

In the early years of its business activities, the Credit Institution provided services to a growing number of banks. During the early 1970's the number of client banks and rural banks to which the Credit Institution was providing services continued to expand, resulting in the establishment of separate departments providing banking services, in order to better serve the companies within the Group.

In 1975, the *Fondo Centrale di Garanzia* was also established. This was one of the first examples in Italy of a funding system providing key financial and credit services to a network of banking institutions.

Twenty years after its establishment, and following high growth in the agricultural banking system, the role of the Credit Institution became increasingly important.

In 1985, the *Sezione Speciale per il Credito alla Cooperazione* at BNL (the department of Banca Nazionale del Lavoro specialising in lending to rural business cooperatives) authorised the Credit Institution to provide finance to rural banks, which then enabled them to grant loans to various cooperatives.

During the same year, the Credit Institution increased its share capital to 80 billion Italian liras and established a company named "Coogestioni" (now Fondo Aureo) to manage mutual funds, which came on to the market launching the fund named "Aureo".

In 1992, the Credit Institution became a member of the UNICO Banking Group, a partnership of European co-operative banks founded in 1977, which resulted in an expansion of its presence in the European market.

In 1995, the Issuer was established, and the banking activities of the Credit Institution were transferred to the Issuer.

On 1 July 1995, the Issuer became an official member of the UNICO Banking Group.

In 1997, the Issuer joined the newly established "*Fondo di Garanzia dei Depositanti del Credito Cooperativo*", and a year later it became active in a number of the divisions of the Milan stock exchange (including in shares, bonds and derivatives). Ultimately the Issuer became a primary dealer on the wholesale market for Government bonds.

On 29 July 1999, by an extraordinary resolution of the shareholders, the name of Iccrea S.p.A. was changed to "ICCREA BANCA – *Istituto Centrale del Credito Cooperativo* – joint-stock company" with effect from 1 January 2000.

In 2000, the Issuer launched a complex and strategic reorganisation of its banking businesses/operations with the aim of bringing itself closer to credit cooperative banks and their markets. The Issuer's share capital was 420 billion Italian liras and, on 22 September 2000 the board of directors agreed to its conversion to Euro 216,913,200.



## Recent events

Pursuant to the BCC Reform Law, cooperative credit banks (*banche di credito cooperativo*) can join a cooperative banking group (*gruppo bancario cooperativo*) as long as the group head company (*capogruppo* for the purposes of the BCC Reform Law) is a public limited company with assets of no less than Euro 1 billion. Under the BCC Reform Law, the group head company is required to perform certain management and coordination activities pursuant to a cohesion contract (*contratto di coesione*) that is entered into between the members of the relevant banking group. Adherence to such a cooperative banking group and the entering into a cohesion contract with the group head are pre-conditions for obtaining authorisation, from the Bank of Italy, for a bank to operate banking activities in the form of a cooperative credit bank.

In line with the BCC Reform Law described above, on 1 June 2016, the Bank of Italy authorised the reverse merger of Iccrea Banca S.p.A. and Iccrea Holding S.p.A pursuant to Article 57 of Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented ("TUB"). The merger took place in Rome with the signing of a deed of merger between the two companies, and became effective from 1 October 2016 (1 January 2016, for accounting purposes).

As a result of the merger, the Issuer became the head group company of the Iccrea banking group (in line with European practices relating to banking groups monitored by the European Central Bank (the "ECB")), replacing Iccrea Holding S.p.A., by universal succession, in all its roles including as a member of the UNICO Banking Group.

On 27 April 2018, the Issuer's board of directors resolved to assume the role of group head company (*capogruppo*) of the Iccrea cooperative banking group, and sent to the ECB and the Bank of Italy its request to establish the Group comprising, at such date, 142 BCCs.

The establishment of the Group was authorised by the ECB on 24 July 2018.

On 10 January 2019, a shareholders' meeting of the Issuer approved certain amendments to its by-laws, to bring them in line with the Issuer's new role as head (*capogruppo*) of the Group pursuant to the BCC Reform Law, and to increase the Issuer's share capital by Euro 250 million, from Euro 1.15 billion to Euro 1.4 billion.

On 4 March 2019, the ECB gave its final approval to the establishment of the Group (comprising, at such date, 142 BCCs), which was then formally registered in the Italian register of banking groups (*Albo dei Gruppi Bancari*) by the Bank of Italy.

Since such approval date, there have been several BCC mergers (Banca di Credito Cooperativo di Gradara S.C. with RiminiBanca Credito Cooperativo di Rimini e Valmarecchia S.C. on 31 March 2019, BCC di Serino with BCC di Capaccio Paestum on 31 March 2019, Banca di Formello e Trevignano Romano di Credito Cooperativo with Banca di Credito Cooperativo di Riano on 1 January 2020, Banca di Credito Cooperativo di Valledolmo with Banca di Credito Cooperativo San Giuseppe di Petralia Sottana on 1 January 2020, Banca CRAS Credito Cooperativo Toscano – Siena with Banca di Credito Cooperativo Umbria S.C. on 10 January 2020, Banca di Credito Cooperativo di Monastier e del Sile with Banca di Credito Cooperativo Pordenonese on 22 January 2020) so that, as at the date of this Base Prospectus, the total number of BCCs is 136.

### *The Cohesion Contract*

In January 2019, the Issuer and the BCCs entered into a cohesion contract (the "**Cohesion Contract**") in accordance with the BCC Reform Law.

Pursuant to the Cohesion Contract each BCC accepts that it is subject to the Issuer's management and coordination in accordance with the terms set out therein.

Amongst other things, the Cohesion Contract sets out the Group's corporate governance and administrative rules, so as to allow the Issuer to issue strategic guidelines and ensure that the Group's operational objectives are set and subsequently followed.

More specifically, the Cohesion Contract:

- a) regulates the Issuer's powers of appointment and dismissal of the members of the individual BCC's administrative bodies pursuant to the principle that the shareholders' meetings may approve such matters unless the persons proposed for such offices are deemed by the Issuer to be:
  - not adequate with respect to the Group's governance needs or the effectiveness of the management and coordination of the Issuer, or
  - unsuitable with respect to ensuring a sound and prudent management of the individual BCC, having regard to, in particular, already demonstrated skills and results achieved as a company representative.

In such cases, on the basis of reasonably justified considerations, the Issuer can exercise powers of direct appointment and dismissal; and

- b) describes the Issuer's supervisory functions in respect of the risk appetite framework, individual BCCs' internal controls and outsourcing of the Group functions.

Moreover, to ensure operational continuity of the Group's strategic, managerial and technical-operational oversight and the management equilibrium of individual BCCs, the Cohesion Contract gives the Issuer powers to set (and then monitor) strategies, policies and principles of evaluation and measurement of Group risks.

To this end, the Cohesion Contract envisages that it is the Issuer that sets (at group level) individual BCC's policies relating to its exposure to financial risks (including equity and real estate investment decisions), the granting of credit and the management of conflicts of interest.

#### *Supervisory and intervention activities*

As well as regulating the Issuer's general framework of oversight and powers of intervention, the Cohesion Contract defines a whole series of prevention (and where necessary correction) measures. These include, amongst others, the ability to intervene regarding an individual BCC's liquidity and risk profile, its disposal of participatory and real estate investments and distribution of dividends.

#### *Compliance with prudential and reporting requirements*

The Cohesion Contract gives the Issuer powers to issue individual BCCs with binding prudential and reporting requirements. It also gives the Issuer sole responsibility for setting regulatory risks measurement methodologies.

#### *Strategic operations*

The Cohesion Contract gives the Issuer powers to approve individual BCC's strategically important operations, which could include asset acquisitions and disposals, the opening of new branches (both in Italy and abroad) and the provisions of services at an international level.

#### *Cross Guarantee Scheme*

The Cohesion Contract provides, among other things, for a liability-sharing mechanism governed by Italian law which, pursuant to Circular No. 285, has been defined also to meet the requirements for a "*cross guarantee scheme*" as defined under the CRR (the "**Cross Guarantee Scheme**"). In particular:

- a) the Issuer guarantees to the BCCs that it will support the obligations assumed by them. In turn, each BCC cross-guarantees to the Issuer and to the other BCCs that it will support the obligations of the Issuer and all other BCCs;
- b) the existence of the Cross Guarantee Scheme means that the liabilities of the Issuer and the individual BCCs are classified as joint and several liabilities of all BCCs and the Issuer;
- c) in order to implement the liability-sharing mechanism as required by Italian law and the guidelines of the Bank of Italy contained in Circular No. 285, the Issuer and the BCCs have put in place arrangements to ensure the prompt provision of financial means in terms of capital and liquidity if required. In particular, the Issuer and the BCCs have committed funds readily available to them which may be applied by the Issuer in its discretion and as it determines, in order to meet the obligations of the Issuer and the BCCs, thereby providing inter-group financial support; and
- d) the individual BCCs and the Issuer participate with the necessary funds, the amount of which, in the case of the BCCs is represented by a pre-established quota agreed with the Issuer plus a quota that can be called on by the Issuer on demand if needed.

This Cross Guarantee Scheme mechanism is an integral part of any such cohesion contract, so its provision is an unavoidable condition. Prospective Noteholders should be aware, therefore, of the risk that the Cross Guarantee Scheme could place an obligation on the Issuer to commit, if necessary, its own assets to provide the financial support necessary to ensure the performance of the cross-guarantee obligations.

The Cross Guarantee Scheme is structured to create different levels of the Issuer's and BCCs' joint and several liability, whereby the degree of liability and exposure is linked to the capital resource of the Issuer and the individual BCCs (as the case may be). In order to pursue the objectives defined, such scheme is also based on an estimate of the overall guarantee requirements through an analysis of potential vulnerability in adverse conditions, an EBA compliant stress test for each member of the Group.

Within the limits mentioned above, the Cross Guarantee Scheme is an inter-group financial support mechanism within which the participating banks provide each other with financial

support to ensure solvency and liquidity (particularly for the purpose of their compliance with prudential requirements and any requirements of the supervisory authority) and to avoid, where necessary, submission to resolution procedures pursuant to Legislative Decree no. 180/2015 or to compulsory administrative liquidation procedures pursuant to art. 80 and following of the TUB.

***Shareholdings in the Issuer***

As at the date of this Base Prospectus, shares in the Issuer are held by approximately 242 shareholders. The table below shows the shareholdings in excess of 2 per cent. of the entire share capital.

<b>Shareholders of the Issuer</b>	<b>% of share capital held</b>
BCC DI ROMA	6.373
CREDITO COOPERATIVO CREDITO COOPERATIVO RAVENNATE, FORLIVESE E IMOLESE	3.124
EMIL BANCA	3.104
BANCA DI CREDITO COOPERATIVO DI MILANO	3.067
BCC ALBA, LANGHE, ROERO E DEL CANAVESE	3.044
C.R.A. DI CANTÚ	2.526
BCC DI CARATE BRIANZA	2.287

The shareholders affiliated to the Cassa Centrale Group together hold approximately 9.94% of the Issuer's shares.

## *The Group's structure*



## *Developments in the Group's network of bank branches*

The Iccrea Cooperative Banking Group is the largest Cooperative Banking Group nationwide and Italy's third-largest banking group in terms of number of branches, with 2,592 branches (10.7% of the market share) operated by 136 mutual banks and by Banca Sviluppo, 57% of which are located in the regions of Lombardy, Veneto, Tuscany and Emilia-Romagna. The Group has 22,219 employees and more than 810,000 shareholders. In terms of assets the Group is the fourth-largest banking group of Italy with a total assets of Euro 155.5 billion and an total own funds equal to Euro 11.6 billion. The Group has an extensive retail customer base (comprising families and SMEs). Direct deposits from ordinary customers, excluding repos with institutional counterparties and including outstanding debt securities (bonds and certificates of deposit), as at 31 December 2019 are Euro 105.4 billion while loans to customers at the same date were Euro 85.2 billion net of debt securities. The strong link of the Group with its Italian customer base is the basis of the high component of such direct funding which is largely represented by deposits from customers (especially current accounts and deposits) equal to € 87.4 billion and to a lesser extent by bonds and certificates of deposit equal to € 16.4 billion.

The branch network has a market share within Italy of 10.7%, with the highest regional market shares in Marche (20%), Calabria (18%), Basilicata (18%), and Veneto (17%).

In recent years, the mutual banking system has also undergone a process of rationalising the network, which — although manifesting itself to a lesser extent than for Italy's broader banking industry — is to be seen within the context of the affiliated banks' characteristics of having a physical presence close to their communities as being of fundamental importance in their relationships with customers and with the communities themselves.

This trend continued in 2019 with the creation of the new Group, a period in which the affiliated banks further rationalized their branch networks by closing branches, some of which were

replaced by branches opened in areas that were not adequately served, thereby resulting in only a slight decline in number of branches (down 15 from December 2018).

In order to ensure a proper balance between physical presence and economic sustainability, following creation of the Group, an initial territory-development plan has been defined, the goals of which include increasing the market share of gross banking operations by repositioning branches in more attractive markets and rationalizing the branch network in order to achieve a greater reduction in branches than in recent years.

### ***Establishment of the VAT Group (Gruppo IVA)***

The VAT Group (*Gruppo IVA*) relating to the Group was established on 1 July 2019. The VAT Group benefits from administrative and financial advantages resulting from the application of the provisions of Title V-*bis* of Italian Presidential Decree 633/1972.

In particular, as a cooperative banking group, the Group has benefitted from the possibility - introduced when the Legislative Decree 119/2018 was converted into law to take into account the timing of establishing such groups - of setting up the VAT Group effectively from 1 July 2019, as it had previously signed the Cohesion Contract pursuant to Article 37-*bis* of the TUB, and filed the statement for setting up the VAT Group by 30 April 2019.

As a consequence of the VAT Group having been set up, members of the Group are no longer subject to an individual VAT regime, as this is replaced by a "collective" VAT regime. Therefore, only transactions occurring between the members of the VAT Group and outside entities are relevant for VAT purposes, while transactions that take place among members of the VAT Group are not. The failure to establish the VAT Group would have meant that VAT for the BCCs was not deductible, resulting in increased costs at Group level estimated at Euro 35 million per year. The composition of the VAT Group corresponds exactly to the Group structure, as shown in the Register of banking groups held by the Bank of Italy.

### ***Activities under divestiture – E-money business***

The Issuer has considered setting up a new company within the Group in the form of an Electronic Money Institution (*Istituto di Moneta Elettronica*), to transfer and develop e-money business-related activities.

The spin-off of the e-money business - authorised by the Bank of Italy - meets the need to segregate such business, providing a better focus on the sector and facilitating future discussions on potential partnerships.

The choice to set up a focused legal entity for such e-money business aims to achieve: a) an expansion of such market; b) a greater organisational and operational flexibility tailored to the market; c) an improved time-to-market as a result of the convergence and centralisation of all functional and technological components; d) greater consistency in capital absorptions with respect to this particular business. The going concern to be transferred is made up of the assets and liabilities of the Issuer's current e-money business, including any relevant resources, assets and legal relationships.

### ***Corporate and commercial relations with Cattolica Assicurazioni***

The Boards of Directors of Cattolica Assicurazioni and Iccrea Banca, meeting respectively on 3 and 5 July 2019, resolved to renew their bancassurance partnership until 31 December 2022.

Specifically, the renewal of the partnership provides for:

- a) Cattolica Assicurazioni's acquisition of a further 19% of the share capital of BCC Vita and BCC Assicurazioni (the JVs), increasing its stake to 70% in both insurance companies and consequently reducing Iccrea's interest to 30%, for a total price of Euro 42,463,138 (Euro 39,330,000 of which for the purchase of 19% of BCC Vita and Euro 3,133,138 for the purchase of 19% of BCC Assicurazioni);
- b) the signing of a new shareholders' agreement relating to the governance of the JVs, consistent with the aforementioned reorganization of the participating interests;
- c) the continuation of the JVs' insurance brokerage activities through the mutual banks belonging to the Group;
- d) the assumption, by the Issuer, of specific promotional commitments, in accordance with a revised commercial plan mainly focused on the profitability and competitiveness of the products in the range, quality of service to the participating banks and greater penetration of customer markets.

Upon termination, the agreements will be automatically renewed for further 12-month periods, without prejudice to the right to renegotiate the contents and duration or, alternatively, to terminate the partnership through the exercise of reciprocal call and put options on the entire interest held by Cattolica (70%), at predetermined conditions and fees, and subject to obtaining the necessary authorizations.

### ***De-risking and NPE reduction***

Within the course of work to create and launch the mutual banking group and within the broader scope of the plan to improve asset quality (which was reported to the ECB when requesting recognition of the Group), extraordinary asset disposals were planned in order to reduce the level of non-performing loan exposures ("NPEs") by a total of approximately Euro 7.3 billion over the 2018-2020 period. This goal of NPE reduction fell within the Group's overall strategy aimed at: (i) improving the NPE ratio by taking advantage of disposal opportunities that would allow for a rapid reduction of the portfolio by prudentially deconsolidating bad debt at both the separate and consolidated levels; (ii) enhancing operational levers in order to optimise the management of NPEs through financial and industrial policies and centralized controls; (iii) enabling the affiliated banks and companies of the direct perimeter active in credit intermediation to focus more on the creation of value, while freeing up resources in order to generate new business.

The program of reducing non-performing loans ("NPLs") reached an initial major milestone in 2018, significantly ahead of schedule, by disposing of a particularly significant amount of NPLs, through carrying out both standalone and multi-originator operations coordinated by the Issuer.

Of particular note among the most significant multi-originator operations coordinated by the Issuer was, first and foremost, the execution, in 2018, of two securitisations of state guarantee backed NPLs, whereby the senior securities subscribed by the seller are now backed by the state.

Both of these transactions resulted in prudential de-recognition in accordance with the IASs and IFRSs and with the provisions of the CRR.

In 2018, the Issuer coordinated four other non-recourse assignments of non-performing, unsecured loans issued by a number of Group banks and companies for a total of approximately Euro 94 million.

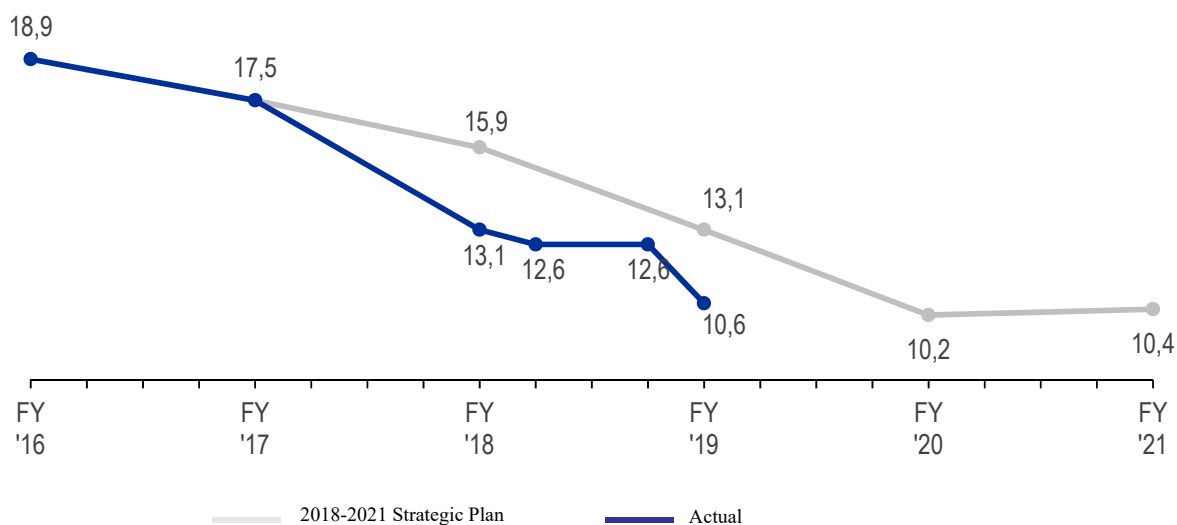
Together with the transactions executed autonomously by Group companies and the positive performance for the year, compared with the goal for reducing NPLs in 2018 from Euro 17.2 billion to Euro 15.9 billion, the year-end figure actually reached was Euro 13.1 billion. During the first half of 2019, further standalone assignments contributed to a further reduction in impaired exposures to Euro 12.8 billion as at 30 June 2019.

Continuing with the program of de-risking aimed at significantly reducing the Group's NPL exposure, in the second half of 2019 the Group executed another multi-originator securitisation transaction of multiple portfolios of mortgage-backed or unsecured loans to non-performing borrowers, and a multi-originator securitisation.

With regard to prudential aspects, it should be noted that the significant risk transfer was recognised based on reporting as at 31 December 2019, deconsolidating the securitised portfolio of NPLs for prudential purposes as of that date.

The chart below shows developments in the gross value of the NPLs as per the program released in conjunction with the request for ECB authorisation to create the Group and the reductions actually achieved.

NPL stock (€/billions)



Regarding the composition of the asset quality of the Group's loans to customers, as at December 2019, the total amount of Euro 91.5 billion was made up of: performing loans (Euro 80.9 billion), bad loans (Euro 5.3 billion), UTP (Euro 4.9 billion) and past due loans (Euro 0.4 billion).

As at 31 December 2019 the Gross NPL ratio was equal to 11.6% (compared with 14.4% as at 31 December 2018) while the Net NPL ratio was equal to 6.1% (compared with 7.9% as at 31



December 2018). Coverage of NPLs rose to 50.9% at the end of 2019 (compared with 49.6% as at 31 December 2018) while bad loans reached Euro 5.3 billion (compared with Euro 6.7 billion as at December 2018) mainly due to the two multi-origination transfer transaction carried out during the year (the securitisation called "**Iccrea GACS III**" and "**Pomegranate Project**").

***Agreement with Cassa Centrale Group for the reorganisation of shares held by the cooperative credit banks in the Group and Cassa Centrale Group***

In October 2019, an agreement was signed with Cassa Centrale Banca S.p.A ("**Cassa Centrale Banca**" or "**CCB**"), the parent company of Italy's second-largest mutual banking group (the "**Cassa Centrale Group**", or "**CCB Group**"), concerning the reorganisation of the shares held by the cooperative credit banks participating in the two mutual banking groups and the shares held in the entities belonging to the two groups.

In particular, this agreement establishes that the Issuer, its affiliated banks, or other parties specified by the Issuer must, over a period of about four years, in full compliance with prudential and/or regulatory limitations and the terms and conditions defined in the agreement itself, acquire the equity investments in Iccrea held by the CCB Group. In the same way, Cassa Centrale Banca, as parent company of the CCB Group, in full compliance with prudential and/or regulatory limitations, must ensure that the CCB shares held by companies of the Iccrea Group are acquired by CCB Group affiliated banks or by other parties selected by CCB.

As mentioned, the purpose of this agreement is to define the mutual relationship within the scope of future shareholding structures so as to avoid situations of entanglement in equity investments held by the companies of one group in companies of the other.

***Strategy***

***The Group's 2020-2023 strategic plan***

When filing the application for the setting up of the Group, in April 2018, the Issuer submitted a business plan - based on the information available on future BCCs - which identified the main strategic leverages for the development of the new Group, aimed at a commercial re-launch, greater process efficiencies, rationalisation of structures and de-risking.

As part of the discussions with the ECB, following the launch of the new Group, an even more ambitious plan in terms of developing such new business model was shared with the authority with a view to improving profitability through adequate commercial development plans, costs containment and risk reduction (including credit risk).

Within this context, starting from November 2019 – also considering the macroeconomic framework before the health emergency that already showed a weak situation at a European level (and in Italy in particular), the Issuer, with the collaboration of the BCCs and other Group companies, started a strategic planning process aimed at strengthening the Group's positioning, maintaining sustainability and attention to the key areas that can make the Group stand out within the national financial system.

The following fundamental drivers for such strategic plan were identified as: ensuring robust capital margins as a way of mitigating risks and funding development; value generation through commercial and cost containment measures; further reduction of the target NPE ratio.

The plan that saw the Issuer and the BCCs (and the other Group companies) working together with the aim of launching the Group 2020-2023 strategic plan was under finalisation in early March, when the macroeconomic projections factored into the plan underwent a sudden reversal following the Covid-19 health emergency (the "**Covid-19 Emergency**"). For example, it has increased, the budget related to the Cost of Risk for 2020 by 0.19% (from 0.77% to 0.96%) in comparison with Group financial projections for 2020 made before COVID-19. For further information regarding how the Group has responded to the crisis, please the section below entitled "*Activities in response to the Covid-19 Emergency*".

The Covid-19 Emergency has led to market instability and increased volatility which is greater than that recorded after the financial crisis at 2008 and has prompted the supervisory authorities to intervene with unprecedented speed, both in monetary policy and new prudential measures. Pending macroeconomic analyses and projections factoring the effects of the Covid-19 Emergency, the ECB also decided, amongst other things, to suspend the request for strategic plans and related NPE and funding plans.

Awaiting the definition of an updated Group economic-financial plan - which will need to take into account the effects of the Covid-19 Emergency, also in light of the European Authority's instructions - the Issuer has deemed it essential to follow up on the most significant initiatives contained in the plan, such as those focused on operational efficiencies and on commercial and credit enhancement (the "**Transformation Plan**").

In its strategic perspective, the Issuer aspires to become an efficient platform for governance services, shared services and products available to BCCs; hence, the need to face an important challenge of efficiency improvement, which is part of a necessary investment program to complete the Group's operating structure, to improve the level of service for the BCCs, also reviewing the territorial model and management of the professional resources.

The Transformation Plan approved by the Board of Directors on 30 March 2020 outlines the actions that the Group intends to carry out on in this next phase.

These are:

- a) managing the Group's complex industrial and operational transformation;
- b) correctly prioritising Plan initiatives, by identifying a subset of projects that are deemed to be "strategic";
- c) ensuring the Group's utmost compliance with all Plan milestones;
- d) managing IT capacity and other resources effectively and efficiently;
- e) employing flexibility in adapting planning to the changed scenario and regulatory requirements.

All projects have been structured within a framework that allows the Group to meet any need that might arise within appropriate timeframes and is sufficiently simple and effective for monitoring purposes. Any "essential" initiatives that are to be given top priority have been identified. The structure provides for 7 "vertical" areas of intervention (IT efficiency; digital development of all the definition of features and functions by all BCCs; the definition of features and simplification of the companies within the Group's direct perimeter; operational efficiency, commercial development and credit quality/NPE), and two "transversal" areas represented by "Covid-19" and "Regulatory" initiatives, to oversee areas of cross relevance for the Group.

### NPE Strategy and Operational Plan

With regards to NPE management de-risking strategy planning has been momentarily suspended as a consequence of the Covid-19 Emergency. However, on 30 March 2020, the Issuer Board of Directors approved the qualitative and quantitative management strategies for the NPE portfolio in line with regulatory forecasts, industry best practice, and the observations of the supervisory authorities. In particular:

- a) the targets of the NPE plan, which will need to be revised in line with the macroeconomic landscape changes flowing from the effects of COVID-19, with the goal of bringing the Group's NPE ratio to 7% by the end of 2023 and bringing the coverage ratio to 56%;
- b) the strategic operational plan aimed at facilitating the Group's achievement of these targets, as well as the enforcement mechanisms put in place in order to improve the Issuer's guidance and coordination of all BCCs as the plan is being implemented;
- c) the steps to be taken in order to facilitate full compliance with the NPE regulatory guidance published by the ECB in March 2017 (*i.e.* the Remediation Plan), including the plan for adapting the dataset that will give the Group a data model aimed at the full formulation and monitoring of lending strategies; and
- d) the setup and implementation procedures, in terms of project organization and the road map, in order to implement the operational plan by April 2020.

### Activities in response to the Covid-19 Emergency

As mentioned above, given the effects of Covid-19, the Group defined several actions both at Group and affiliated BCCs level to deal with effect of Covid-19 on credit portfolios including: (i) issuing operational circulars; (ii) setting-up a Covid-19 task force; (iii) issuing portfolio segmentation and credit strategic guidelines; (iv) developing more advanced monitoring systems and implementing a special tool to assess the potential reclassification of the loans to UTP; and (v) empowering credit control and approval processes, standards and IT resources.

Due to the Group's risk management function and IT planning, it was possible for a large number of employees of the Group to move, at short notice due to the national lockdown, to working remotely to ensure minimal impact on operational and business continuity.

### Implementation of the Group's commercial and marketing strategies

In 2019, the Group enhanced its banking model in support of local communities that is typical of the BCCs, while maintaining a keen focus on meeting the needs of both customers and shareholders. Within this context, together with the BCCs, the Issuer has consolidated the process for enhancing the current service model and branch network with a view to transitioning towards a model based on high-quality relationships.

To this end, the following primary areas of development were identified:

- a) an offer based on high-value advisory services that call for experts with strong relationship skills dedicated to both private and business customers;
- b) a further development of the branch model which enhances the automation of transaction services (including advanced ATMs, in-branch self-service kiosks, and "cash-light" branches) and invests in remote-banking technologies;
- c) repositioning the Group as a key partner for SMEs;

- d) the launch of a global, digital, multi-channel strategy.

During 2019, specific projects were launched to support this evolution, including:

- a) the bancassurance project, with the scope of redesigning the commercial support structures for the BCCs and the development of an insurance segment in partnership with the Cattolica Group;
- b) the wealth management project, which seeks to develop advisory models and the role of a dedicated competency centre within the Issuer to ensure quality of offering and the management of investment, funding, life insurance, and other wealth management products. (and to this end, a wealth-management platform to support consulting activities (for which a financial partner has already been selected) is to be implemented during 2020);
- c) the Group's integrated system of customer relationship management (CRM) project, with the goal of ensuring greater efficacy in analysis by making use of a single digital platform available to all BCCs (which is to be gradually implemented in mid-2020);
- d) the INTOUR project, which will see the creation of an advanced platform of services for the tourism industry, integrating and innovative offer for financing, payment systems and insurance, and which will make it possible to reduce the industry's dependence on intermediaries;
- e) the Group's electronic money business reorganisation project, which will see the spinning off of the e-money segment of Iccrea Banca and the Ventis S.r.l. ecosystem (both market and value-added services) to Ventis SpA.

### ***Overview of business activities***

The Issuer's primary purpose is to support and strengthen the banking businesses of the BCCs through all forms of lending, the delivery of technical and financial assistance in accordance with the procedures set out in the relevant BCC's by-laws and through other initiatives aimed at facilitating the interests of the BCCs and pursuing the interest of the Group.

The BCCs are local and rural banks that provide banking services in a defined and limited geographical area, and mainly to their shareholders.

The corporate purpose of the Issuer also includes the collection of savings, lending in its various forms, purchase of trade receivables and factoring. The Issuer may carry out, subject to and in compliance with applicable banking regulations, financial transactions and services, as well as any transactions which may be instrumental to, or related to, the business of the Group.

The Issuer may, subject to and in accordance with existing laws and regulations, issue bonds, hold equity interests in other companies (including majority interest holdings in companies which carry out business activities) provided that these contribute towards the fulfilment of the Issuer's corporate purpose.

The Issuer prepares a regular management report, in accordance with a specific "data model", reporting on the results obtained by the individual business areas into which the Issuer's activities are subdivided.

## Business Areas

The individual business areas of the Issuer are the following:

1. Finance and Lending;
2. Payment Systems; and
3. Corporate Centre.

This break-down reflects the operating responsibilities based on the Issuer's organisational structure; the business areas are made up of an aggregation of units and business lines which have similar characteristics with regard to the type of products and services provided and regulatory requirements with which the Issuer needs to comply in conducting its business.

These segments are "*Finance and lending*", "*Payment systems*", in addition to central governance and support functions, as well as the institutional services and ICT functions grouped under the "*Corporate Centre*". More specifically, the finance and lending business segment includes the Capital Market, Treasury, Structured Finance and Institutional Lending units, while the payment system segment comprises the Collections and Payments units.

The following table sets out a summary of the financial highlights of the Issuer' income statement for the years ending 31 December 2019 and 31 December 2018, divided by business area.

Item/Business Area	Finance and Lending		Payment Services		Corporate Centre		Aggregate	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
	Thousands of Euro							
Net interest income <sup>(1)</sup>	57,034	85,442	(402)	(1,076)	(9,392)	(5,262)	47,239	79,104
Net income from services <sup>(2)</sup>	46,731	1,048	36,706	35,689	80,535	60,537	163,972	97,273
<b>Total revenue<sup>(3)</sup></b>	<b>103,765</b>	<b>86,490</b>	<b>36,303</b>	<b>34,613</b>	<b>71,143</b>	<b>55,274</b>	<b>211,212</b>	<b>176,377</b>
Administrative expenses <sup>(4)</sup>	70,879	77,264	25,258	25,051	247,972	149,426	344,109	251,741
Net adjustment of property and equipment and intangible assets	1,195	1,327	952	1,066	9,347	6,696	11,494	9,089
Other operating expenses/income	2,115	903	-	-	100,697	18,042	102,812	18,946
<b>Total operating costs<sup>(5)</sup></b>	<b>69,960</b>	<b>77,687</b>	<b>26,210</b>	<b>26,117</b>	<b>156,622</b>	<b>138,080</b>	<b>252,791</b>	<b>241,884</b>
<b>Gross operating profit/(Loss)<sup>(6)</sup></b>	<b>33,805</b>	<b>8,803</b>	<b>10,094</b>	<b>8,496</b>	<b>(85,478)</b>	<b>(82,806)</b>	<b>(41,579)</b>	<b>(65,507)</b>

(1) *Net Interest Income* means the sum of the following items: Net interest income (Income Statement Item 30) and Profit (Loss) after tax on non-current assets in the process of being sold off (Income Statement Item 280).

(2) *Net Income From Services* means the sum of the following items: Net Fees and Commission income (Income Statement Item 60), Dividends and similar income (Income Statement Item 70), Net Gain (loss) on trading activities (Income Statement Item 80), Net Gain (Loss) on the hedging activities (Income Statement Item 90), Net Gain (Loss) on the disposal or repurchase (Income Statement Item 100), Net Gain (Loss) on financial assets and liabilities designated at fair value through profit or loss (Income Statement Item 110) and Other operating income/expenses (Income Statement Item 190).

(3) *Total revenue* means the aggregate of net interest income and net income from services.

(4) *Administrative expenses* means the Income Statement item 150 which include the personnel expenses and the other administrative expense.

(5) *Total operating costs* means the sum of the following items: Administrative expenses (Income Statement Item 150), Net adjustment of property and equipment (Income Statement Item 170) and Net adjustment of intangible assets (Income Statement Item 180).

(6) *Gross operating profit/(loss)* means the item 250 of the Income Statement "Profit (loss) before tax on continuing operations" net of item 130 of the Income Statement "Net losses/recoveries on impairment" and of item 160 of the Income Statement "Net provisions for risks and charges".

*Note: all amounts of the E-money sector affected by the transfer of the going concern are excluded.*

The following table sets out a summary of the financial highlights of the Issuer's balance sheet as at 31 December 2019 and 31 December 2018, divided by business area.

In particular, the table shows the main balance sheet aggregates relating to the utilisation of deposits made by customers and banks. The balance sheet values are those as at the end of such periods. Liabilities include capital, reserves and the period result. The main balance sheet aggregates related to loans and funding from clients and banks are attributable to the finance and lending business segment (94%), as the payment systems mainly carry out fee-based services.

Item/Business area	Finance and Lending		Payment Services		Corporate Centre		Aggregate	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
	Thousands of Euro							
Loans to customers	13,277	10,706	-	-	246	41	13,523	10,747
Due from banks	29,275	25,656	-	-	-	-	29,275	25,656
Financial assets and equity investments	1,620	1,160	4	-	1,483	1,600	3,107	2,760
<b>Total assets</b>	<b>44,172</b>	<b>37,522</b>	<b>4</b>	<b>-</b>	<b>1,729</b>	<b>1,641</b>	<b>45,905</b>	<b>39,163</b>
Due to customers	16,792	12,153	327	356	10	8	17,129	12,517
Due to banks	20,782	19,425	-	-	-	-	20,782	19,425
Other financial liabilities	6,032	5,541	-	-	1,978	1,700	8,010	7,241
<b>Total Liabilities</b>	<b>43,606</b>	<b>37,119</b>	<b>327</b>	<b>356</b>	<b>1,988</b>	<b>1,708</b>	<b>45,921</b>	<b>39,183</b>

The misalignment between the total loans and funding is attributable to the E-money sector, affected by the transfer of the E-money going concern.

### ***Business Units***

The Issuer carries out certain activities on its own account and, at the same time, provides services to the BCCs in accordance with its corporate purpose.

The Issuer's individual business units can be summarised as follows:

1. Chief Financial Officer Area ("**CFO Area**" or "**Finance Area**"). This comprises Group Finance (*Finanza di Gruppo*), which is in turn divided into the following organisational units:
  - a) Capital Markets Organisational Unit;
  - b) Treasury Organisational Unit;

- c) Legal Finance & Advisory Organisational Unit;
  - d) Financial Analyses and Solutions Organisational Unit;
  - e) Financial Governance Organisational Unit.
2. Credit and Subsidiaries Area, which comprises the Chief Lending Officer Area ("**CLO Area**")
  3. Chief Operating Officer Area ("**COO Area**"). This comprises the Back Office, which in turn is divided into the following organisational units:
    - a) Collection and Payments Organisational Unit; and
    - b) Institutional Services Organisational Unit.
  4. Chief Business Officer Area ("**CBO Area**").

### **Descriptions of Business Units and Organisational Units**

The following is a description of each business unit, summarising the scope of its activities together with, each organisational unit within such business unit.

#### **1. Chief Financial Officer ("CFO") Area and Group Finance**

The CFO Area ensures the proper management of the Group's financial assets, recommending investment strategies and ensuring financial stability, managing its liquidity, funding, and related risks. The CFO ensures the implementation of such strategies, the proper, timely execution of separate and consolidated financial reporting, and the fulfillment of all accounting, tax and regulatory obligations.

Group Finance works under the header of the CFO Area and is responsible for the management of the financial business of the Group, proposing investment strategies and guaranteeing the Group's financial stability through liquidity/funding management and risk control.

This unit is subdivided as follows:

#### *Capital Markets*

The Capital Markets Organisational Unit operates on the financial markets and guarantees access to markets. Within this context, it performs certain functions, including the following:

- a) manages the securities, trading and banking book portfolios of the Issuer and members of the Group that entrust the Issuer with the management of their securities portfolios;
- b) operates as market maker for the main transactions subject to negotiation, and is responsible for the bidding processes for government and corporate securities;
- c) manages the interest rate risk of the Issuer and the Group, as well as the market and financial risks to which the various portfolios are subject to;

- d) coordinates the provision of investment services to the clientele (negotiations on the Issuer's own account, execution of orders on behalf of customers, and the placement, receipt and transmission of orders);
- e) structures financial products in accordance with the requirements of the Group and BCC clientele in line with the instructions received from the Treasury Organisational Unit ("**Treasury**");
- f) provides support to Treasury, and supervises the medium to long term liability structuring operations for the Issuer on the debt capital markets;
- g) draws up reports and analyses of financial information on market trends and forecasts of the main macroeconomic aggregates; and
- h) defines the policies and operating guidelines on market, financial and interest rate risks on behalf of the Issuer and the Group.

### *Treasury*

The Treasury operates within the monetary, foreign exchange and precious metals markets to ensure the efficient implementation of the instructions received from the Group companies, the BCCs and other customers, monitors the short and medium to long term funding requirements and related risks (interest and exchange rates and liquidity) on behalf of the Issuer and the Group and ensures an optimum level of structural liquidity in normal business conditions and in stress and crisis situations.

Within that context, it carries out certain activities including the following:

- a) the correct implementation and running of the monetary policy with the ECB, and the operations on the monetary and collateralised markets and short-term interest rate derivatives markets, with the management of the positions within the operating limits assigned;
- b) the management of the liquidity positions, with support for the units responsible for the origination of structured finance instruments (securitisation and covered bonds);
- c) the management of the interest rate risk to which the Issuer and the Group are subject, by means of market transactions and through modifications to the payable and receivable interest rate structures for the portfolios for which it is responsible;
- d) the management of the liquidity risk on behalf of the Issuer and the Group;
- e) the coordination of negotiating services on its own account of interest-rate derivatives in foreign currency and foreign exchange derivatives;
- f) the management and development of the treasury processes linked to settlement systems (Target 2 and ancillary systems, T2S, CLS, BICOMP, EBA etc.), collateral and corresponding accounts, in order to guarantee and optimise the availability of cash and collateral at Issuer and group level;
- g) the definition of policies and operating guidelines on market, financial and interest rate risks on behalf of the Issuer and the Group; and



- h) the implementation of strategies for optimising the consolidated risk profile together with the Balance Sheet Management Organisational Unit belonging to the Financial Governance Organisational Unit.

#### *Legal Finance & Advisory*

The Legal Finance & Advisory Organisational Unit operates with the support of other relevant organisational units to carry out the activities necessary for the achievement of business objectives, such as:

- a) negotiating agreements, drafting offer documents, feasibility studies and legal opinions;
- b) dealing with preliminary procedures involving Italian and international supervisory bodies;
- c) advising the Issuer in structured finance transactions (securitisation of performing and non-performing loans and covered bond programmes);
- d) acting as arranger or co-arranger in new and ongoing activities (including being responsible for the operations relating to the assignment of non-performing loan portfolios);
- e) monitoring the regulations applicable to the operations of the Finance Area, in relation to which it recommends upgrading actions on the basis of its analysis of the impact of Italian and international regulations, acting in coordination with the compliance team;
- f) coordinating the drafting of legal, tax and accounting opinions on finance transactions, as and when these are required;
- g) supporting other Organisational Units in their interactions with official bodies, authorities, agencies and associations;
- h) enabling Organisational Units within the Finance Area to take part in the working parties set up by trade associations, acting in coordination with the Chief Compliance Officer Area;
- i) providing the Chief Compliance Officer Area with support for the presentation of amendments and/or additions to regulations subject to consultations or those that are in the process of implementation to the relevant authorities, either directly or through the trade associations; and
- j) supporting the Organisational Units within the Finance Area with those regulatory formalities concerning investment services (such as the drafting of and annual checks on execution policies, and the drafting of reports).

#### *Financial Analyses and Solutions*

The Financial Analyses and Solutions Organisational Unit operates as a skills centre for the Issuer and the Group in relation to the design, development and maintenance of the mathematical and financial models used for fair value (mark to model) calculations, for both management and accounting purposes, for all the financial instruments (securities and derivatives) and receivables (subject to approval by credit risk management).

The modelling and quantitative analysis operations carried out extend to the design and development of quantitative aspects linked to the issue of retail products and checks on the evidence produced by outside supplier calculation engines on IFRS 9 related matters (SPPI and benchmark tests).

This unit also provides the necessary functional support by participating in the development of projects and new initiatives of an applicational nature in respect of evolution-based activities carried out by the Organisational Units of the Finance Area, for which it defines the specifications, carries out the related analyses along with the relevant Organisational Units and ensures the planning and ongoing coordination of the operations between the Finance Area and ICT.

It also sets up the front-office and position keeping systems (static and market data) and updates them on the basis of specific user requests in accordance with company policies (with particular reference to regulatory requirements and/or new regulations), carries out functional and patch testing and application upgrades (with the involvement of outside parties, where applicable), and provides support for the implementation of prototypes of the planned pricing models.

#### *Financial Governance*

The Financial Governance Organisational Unit carries out crosswise tasks with respect to the Group Finance Organisational Unit's operations and supports its manager in coordinating the activities performed by the operational units.

Such unit provides a dynamic and integrated internal service relating to interest rates, liquidity, exchange rates, market and counterparty risks on a consolidated level, the overseeing of the correct functioning of the "internal liquidity market", and the monitoring and channelling of intra-group liquidity flows.

The unit also:

- a) contributes, to the extent of its remit, to the defining and the updating of certain regulatory processes, including ICAAP, ILAAP, ECB/EBA supervisory stress test, Risk Appetite Framework (RAF) and the Recovery Plan;
- b) contributes to the definition of strategic-operational proposals for the Group's compliance of any risk/return objectives and, on an individual level, for the Issuer and for the companies of the Group's direct perimeter;
- c) supports the Head of the Group Finance Organisational Unit in the governance activities and is responsible for those relating to first level control of operations, effectively monitoring their "management Profit&Loss" and carrying out other support activities (policies, budgets and projects); and
- d) performs tasks relating to the activities of "*Project Coordination and Support*", the Group Finance Organisational Unit's budget and coordination of projects.

With reference to the "*Balance Sheet Management*" activities:

- a) it supports the Head of the Group Finance Organisational Unit in managing the Group's financial activities with a consolidated view, contributing to outlining investment strategies, liquidity and funding management and to controlling related risks, and providing, together with the department's operating structures, for the definition of balance sheet optimisation strategies;

- b) it oversees and channels the initiatives to be implemented as a result of the monitoring of the exposure to financial risks on a consolidated and individual level and monitors their implementation;
- c) together with the other operating structures, it defines collateral optimisation strategies on a consolidated and individual level (for the Issuer and the companies of the direct perimeter), with a view to both the short and medium-long terms;
- d) it ensures the preparation of the Group Funding Plan (together with the Planning Department, the Finance operating structures and the other competent structures of the Issuer) to be submitted to the Finance Committee, and monitors implementation;
- e) it coordinates the definition, structuring and implementation of the Group's Liquidity Transfer Pricing framework; and
- f) it is responsible for defining and updating the "management policies" in line with internal and external legal requirements, ensuring that other Group Finance (*Finanza di Gruppo*) departments are involved.

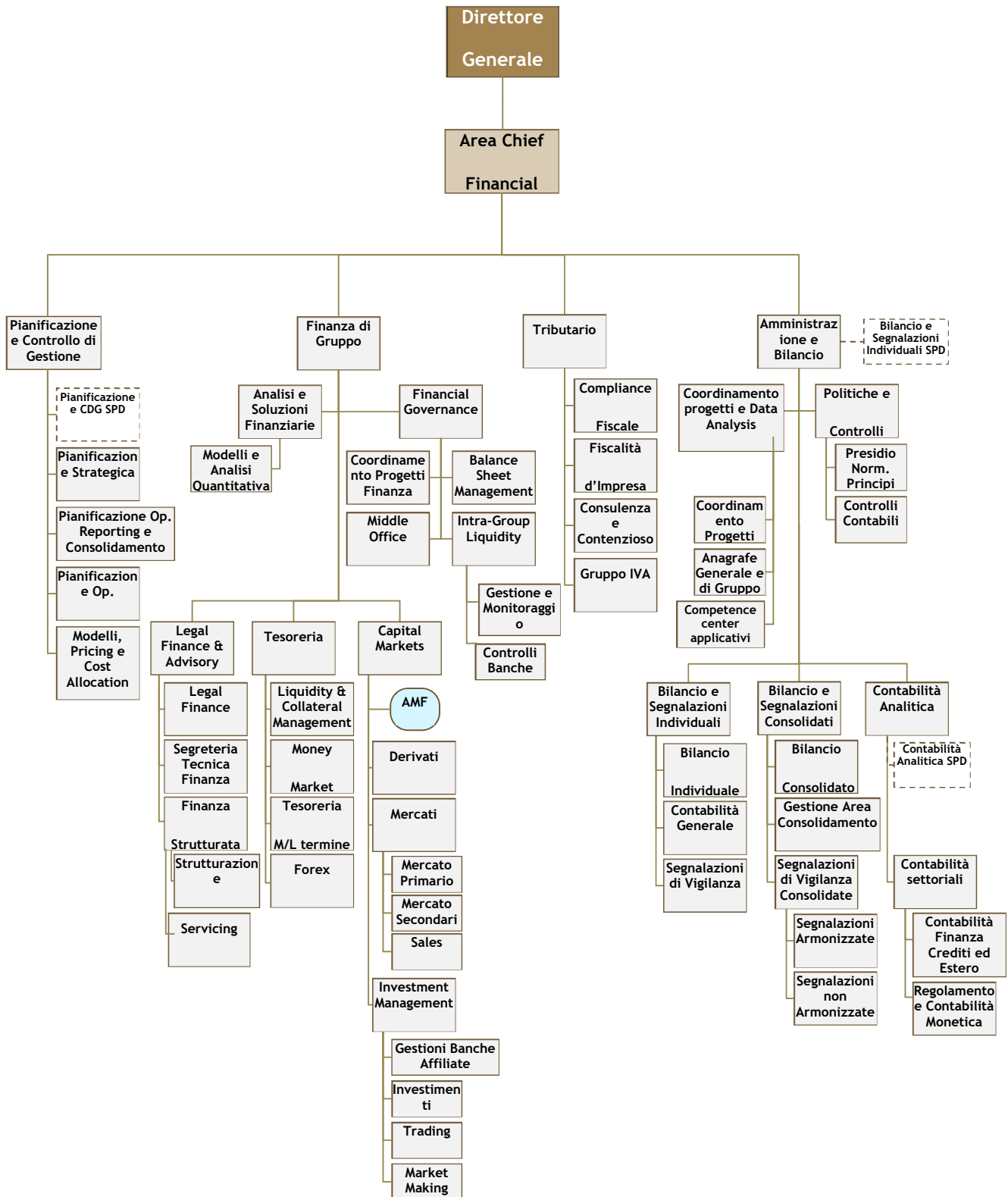
With reference to the "*Middle Office*" activities:

- a) it ensures first-level second-instance controls of the operations carried out by the business units and verifies that they comply with the operating limits they have been assigned;
- b) it manages the pre-settlement validation processes (deal processing, interface with back-office and accounting, contacts with market counterparties, etc.);
- c) it ensures maintenance of the Group position keeping;
- d) it prepares the "Daily P&L".

With reference to the "*Internal liquidity market*":

- a) it defines, and ensures the monitoring of, strategies for optimising the intra-group liquidity position, both from a current and a prospective point of view together with the Treasury;
- b) it works with the competent departments in defining the intra-group financial exposure limits.

# Overview



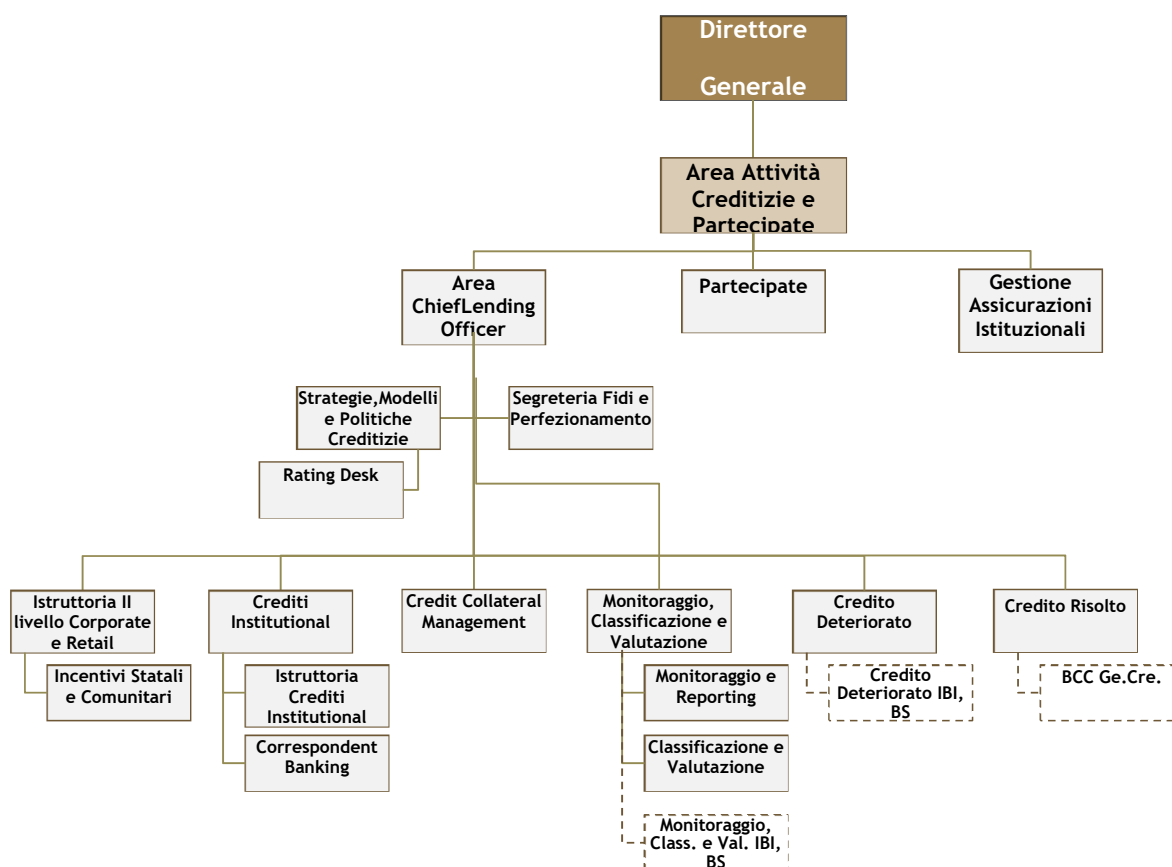
## **2. Chief Lending Officer Area (the "CLO Area")**

The CLO Area, which is part of the Credit and Subsidiaries Area, is responsible for monitoring all aspects of loans on behalf of the Issuer and the Group, from the granting stage to the management of non-performing loans. It also:

- a) carries out the direction and coordinating activities with the BCCs;
- b) monitors credit quality, defines the loan policies and ensures their correct implementation;
- c) issues guidelines on the taking on and management of credit risks in line with the strategies and objectives defined (it also monitors the completion of credit and administrative formalities on non-performing portfolios);
- d) as a member of the Issuer's credit committee, provides assistance in drawing up credit opinions for the other members of the Group for transactions subject to high levels of risk;
- e) (acting through its organisational structures) validates the proposals for the conferral of and changes to the delegations of powers on loan-related matters in respect of the Issuer and the Group;
- f) (acting in cooperation with Human Resources in relation to the overall coordination and running of the Group training system) plans and carries out the training operations for its own area of specialisation and responsibility;
- g) supervises and coordinates all stages in the loan process on behalf of the Group (granting, management, guarantee control, monitoring, classification, valuation and debt collection);
- h) ensures that the guidelines and instructions on loan-related matters are kept updated at all times, on behalf of the members of the Group;
- i) monitors and guides the planning processes for innovations or upgrades to the existing loan granting procedures;
- j) (acting in cooperation with the relevant CFO Area structures) coordinates the corrective actions required by the supervisory authorities, senior management bodies and company control functions on loan-related matters;
- k) provides support for the relevant CBO Area structures in the definition and development of loan products;
- l) contributes to the definition of the strategic plans on loan-related matters;
- m) draws up and submits credit opinions on loan transactions in respect of the performing and non-performing portfolios on behalf of the members of the Group, or presents these to the Issuer's credit committee in accordance with the provisions and limits laid down in the relevant credit policies;

- n) resolves on loan transactions in line with the powers delegated to and conferred upon it; and
- o) presents proposals for resolutions to the decision-making bodies of the Issuer on transactions relating to its performing and non-performing portfolios (such as transfers of status, value and restructuring adjustments and bad credit write-offs) for which it has no autonomous decision-making powers.

### Overview



### 3. Chief Operating Officer Area ("COO Area")

The COO Area comprises the Back Office, within which the Collection and Payments Organisational Unit and the Institutional Services Organisational Unit operate. These units are responsible for defining the strategies and the overall operating model of the Group's operations, ensuring that they are managed efficiently by the other companies in the management and coordination perimeter.

The Back Office Organisational Unit is responsible for ensuring the centralised governance of the Group back office activities, relating to collections and payments, post-trading of securities, the tax obligations related to the management of financial instruments and personnel administrative services and supervising the activities carried out by the subordinate Organisational Units. The unit is divided into:

- a) the Collection and Payments Organisational Unit; and

b) the Institutional Services Organisational Unit.

### **Collection and Payments Organisational Unit**

This unit is responsible for coordinating the supply of collection and payment services on the domestic and international circuits (including the clearing of cheques and drafts, electronic collection, SEPA credit transfers, and SEPA direct debits) on behalf of intermediate banks and branches, and for guaranteeing the correct completion of the formalities on regulatory custody and electronic billing, cash custody and management, cash and securities held directly or in administration, and bankers' drafts (reimbursement, issue, liquidation and related administrative formalities).

It coordinates the analysis, evolution and planning of collection and payment services in accordance with the applicable regulation and in line with developments in European and international payment systems. For that purpose, it handles relations with ABI, the Bank of Italy, CBI, AgID, the European Payments Council, INPS and all the other interbank assemblies in which it is obliged to take part from time to time and manages payment system governance processes.

In that context, it acts as an intermediary between the system adopted by the banks on whose behalf it acts and the bodies listed above, with a view to orienting the decisions taken on positions relating to company and group interests, and presents its positions during public consultation initiatives on the part of the Italian authorities and Club EUROPA (the European Banking Authority, European Commission, ECB, BIS, etc).

It contributes to the analysis and drafting of reports on cost and revenue aggregates (drafting of budgets and final statements and segment trend studies), control operations (accounting checks on fees linked to the intermediary service, procedural testing), and support for cooperative banks, customers and other organisational units (including opinions, drafting of circulars and news releases, relations with other group structures on commercial, applications and contractual aspects, taking part in training events on matters of interest to the cooperative banks).

Acting in agreement with the relevant organisational units of the Issuer, it supervises the subordinate units, with particular reference to:

- the management of outsourcing agreements on the services for which it is responsible;
- the company regulations on money laundering and the financing of terrorism; and
- the coordination of the regulatory custody service, electronic billing and the administrative management of remote signatures.

It carries out the payment management activities for the defined and approved projects falling within its area of responsibility, with a view to ensuring the successful outcome of the initiatives relating to its own business. For that purpose, it confers mandates upon its own personnel and those of the subordinate units to enable them to carry out the necessary formalities as laid down in the specific regulations.

### **Institutional Services Organisational Unit**

The Institutional Services Organisational Unit manages the introduction of innovative techniques within group operations and is responsible for the coordination and development of the post-trading activities linked to the Finance Area, with particular reference to internal portfolio management, investment services and related activities supplied to customers under the terms of the Legislative Decree no. 58 of 24 February 1998 (the "TUF").

It is responsible for the tax formalities linked to the management of financial instruments, including those falling within the area of responsibility of the *QI Responsible Officer*, in relation to which it performs certain functions including the following:

- a) coordination of the activities linked to the ancillary custody and administration of financial instruments' service under the terms of the TUF, as well as additional offsetting and settlement activities both internally and for the customers of the Bank (settlement agent services);
- b) internal and outside customer service activities, mainly relating to regulatory analyses and reporting on transactions in financial instruments and payment agent activities;
- c) coordination of the Finance Area ID records management (securities, issues, counterparties, customers, etc); and
- d) handling of the reference information and documentation on the former custodian bank activities, including the filing of such materials and storage for purposes of consultation and checking at the request of outside parties.

Institutional Services consists of the three functions described below.

#### *Clearing and Settlement Services*

Clearing and Settlement Services is responsible for the post-trading activities on securities, derivatives and treasury linked to the front office operations of the Finance Area (in respect of proprietary requirements and investment services or activities offered to customers). It carries out activities related to the financial instrument custody service and additional back office activities on behalf of bank customers for transactions carried out with outside counterparties (such as settlement agent activities).

It is also responsible for setting up and/or reviewing guarantees with the Bank of Italy or the clearing systems with which the Issuer operates, in relation to the activities falling within its area of responsibility and in agreement with the relevant structures of the Issuer, maintaining administrative relations with the outside companies supplying clearing, custody and settlement services for financial instruments, and taking part in the Group's working groups and in those of trade associations for its areas of expertise.

#### *Finance Records and Regulatory Reporting*

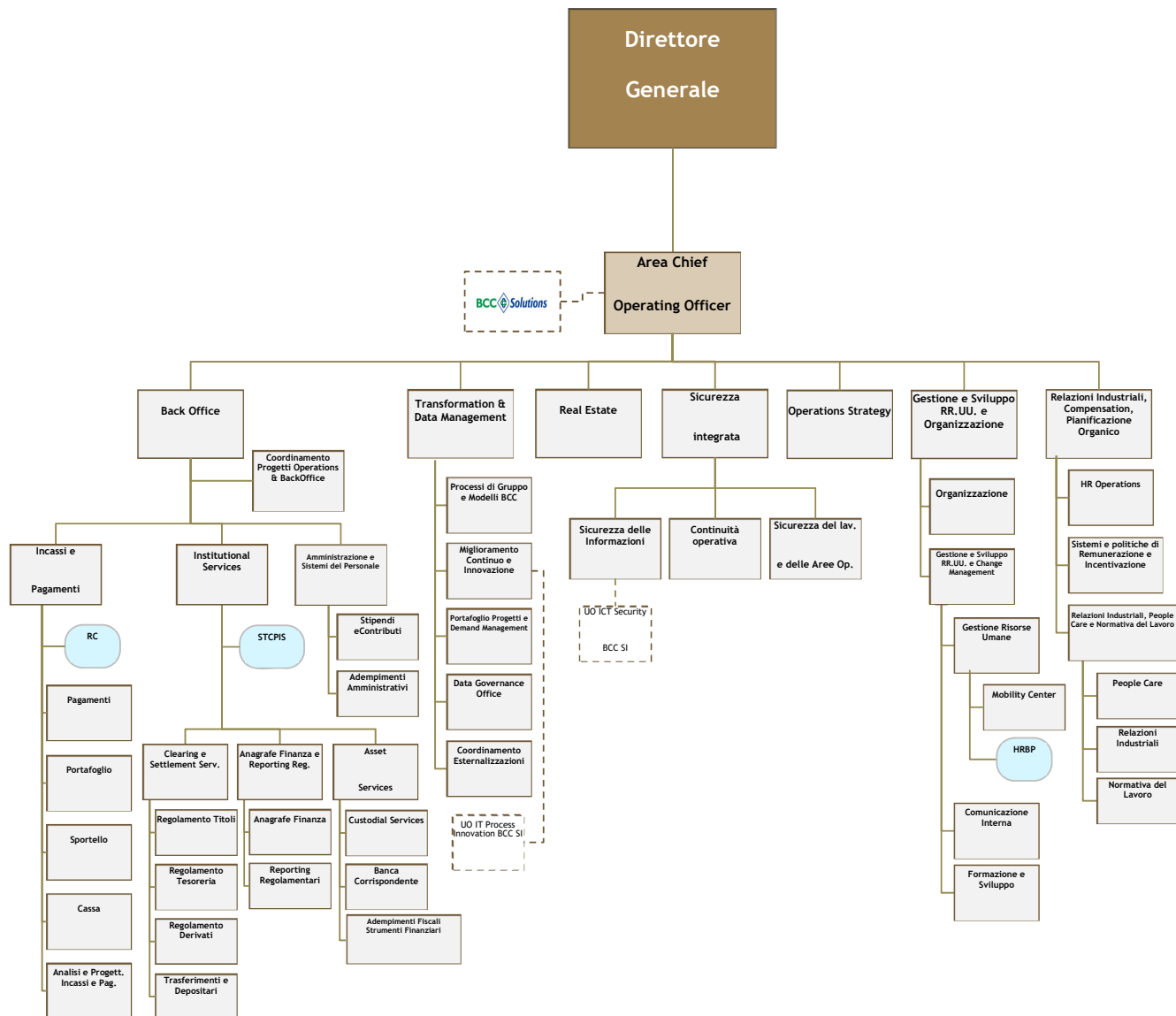
The Finance Records and Regulatory Reporting team monitors, coordinates and supervises its reference Organisational Units and is responsible for the correct execution of internal and outside customer services relating to the regulatory analysis and reporting of transactions carried out on financial instruments, the pricing activities of BCC bond loans, the administrative formalities linked to the HiMTF listing of bond loans of the issuing bank, as well as the management of the Finance Area ID record files.



## Asset Services

The Asset Services team monitors, coordinates and supervises its reference Organisational Units and is responsible for the management and administration of financial instruments on behalf of the Group and its customers and the related Italian and foreign tax aspects, including payments of Italian tax deductions on the management of securities deposits, those relating to the US tax system included, and the related support activities under the responsibility of the *QI Responsible Officer*. It performs the roles referred to in the "Collective Asset Management Regulations", as defined in specific agreements with foreign Collective Investment Undertakings, in respect of the Italian offer for parts of such undertakings (the Payment Agent, for example). It also acts as an intermediary for fund orders and the related accounting entries (so-called Agent Bank service) and takes part in the Group's working groups and in those of the trade associations for its areas of expertise.

## Overview

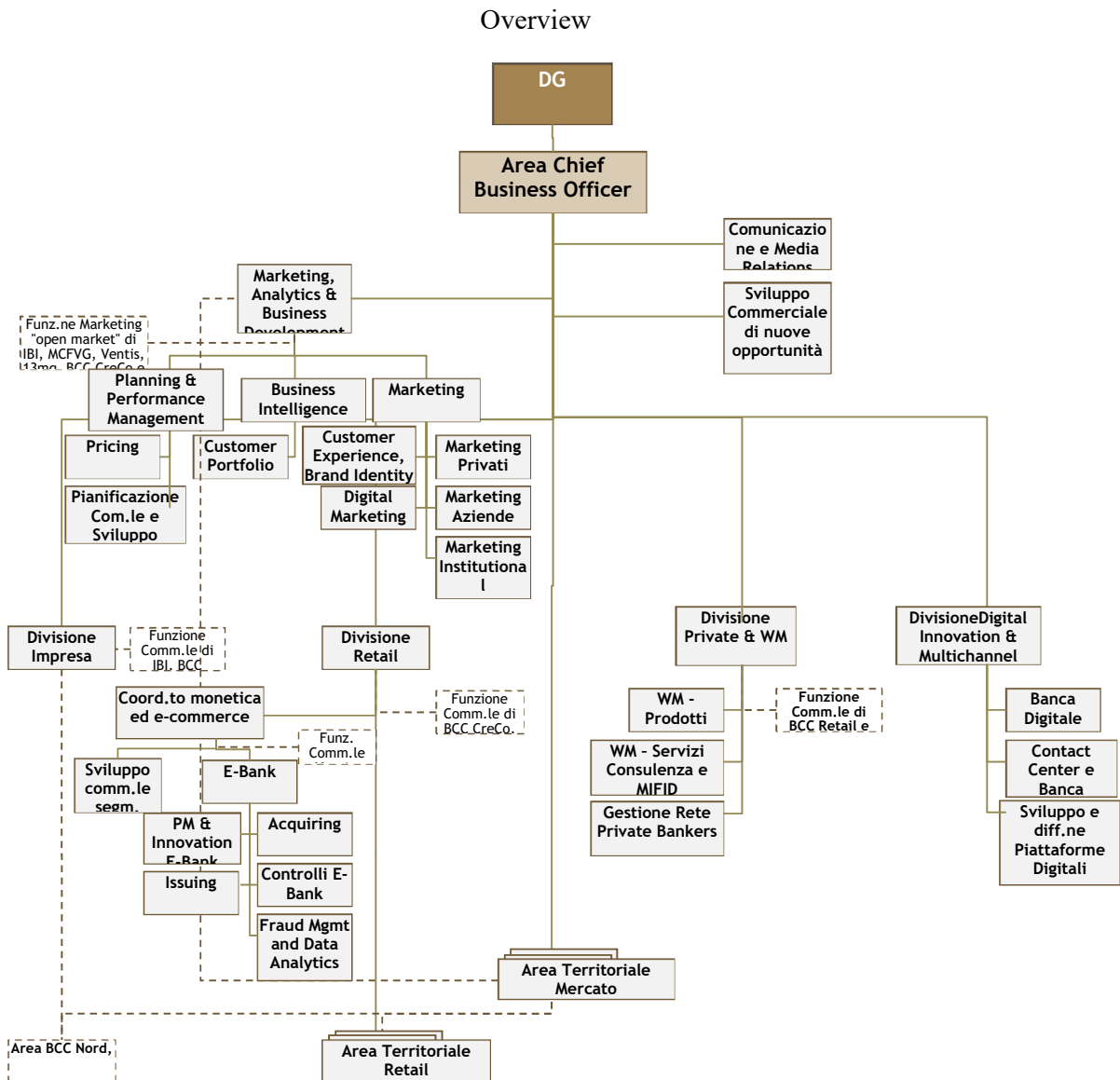


#### 4. Chief Business Officer Area ("CBO Area")

The Chief Business Officer (CBO) Area is responsible for defining and implementing the Group's business strategy with the goal of supporting profitability, ensuring the ongoing development of the approach to the market, developing market positioning, and ensuring the strategic and operational support of the mutual banks.

This area also oversees the various business divisions (*i.e.* Retail, Corporate, Private Banking & Wealth Management), which are responsible for defining and implementing the Group's commercial policies, and the regional market areas, which are responsible for supporting local operations of the business divisions in line with the general strategies of the area and of the Group.

The area includes marketing and commercial planning divisions, as well as divisions dedicated to the ongoing process of innovation and digital transformation.



## Financial Information

### Deposits

The Issuer's deposits primarily consist of interbank deposits. As at 31 December 2019, interbank deposits amounted to Euro 20,782 million with an increase of 7 per cent. as at 31 December 2018 (an increase of Euro 1,357 million); within the inter-bank deposits of this aggregate, cooperative banks and rural banks deposits increased by 87 per cent. (from Euro 4,372 million as at 31 December 2018 to Euro 8,177 million as at 31 December 2019) with a decrease of 16 per cent. in due to other banks (from Euro 15,053 million as at 31 December 2018 to Euro 12,605 million as at 31 December 2019). At the end of 2019, funding from ordinary customers increased (Euro 17,228 million compared to Euro 12,615 million as at 31 December 2018).

The following tables show the aggregate and breakdown of amounts due to banks as at 31 December 2019 and 31 December 2018:

DUE TO BANKS	As at	As at	Change	Change
	31 December 2019	31 December 2018		
	<i>Thousands of Euro</i>		<i>%</i>	
Cooperative banks and rural banks	8,177,376	4,371,951	3,805,425	87%
Other Credit institution	12,605,000	15,052,669	(2,447,669)	-16%
<b>TOTAL</b>	<b>20,782,376</b>	<b>19,424,621</b>	<b>1,357,756</b>	<b>7%</b>

BREAKDOWN OF AMOUNTS DUE TO BANKS	As at	As at	Change	Change
	31 December 2019	31 December 2018		
	<i>Thousands of Euro</i>		<i>%</i>	
Due to central banks	11,912,682	13,765,693	1,853,011	-13%
Current accounts and demand deposits	1,989,866	2,033,675	-43,809	-2%
Fixed-term deposits	6,618,971	3,377,354	3,241,617	96%
Loans	258,552	246,476	12,076	5%
Other payables	2,306	1,422	884	62%
<b>Total amounts due to banks</b>	<b>20,782,376</b>	<b>19,424,621</b>	<b>1,357,755</b>	<b>7%</b>

The following table shows the breakdown of amounts due to customers as at 31 December 2019 and 31 December 2018:

<b>BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>Change</b>	<b>Change</b>
	<i>Thousands of Euro</i>		<i>%</i>	
Current Accounts and demand deposits	959,107	369,280	589,827	160%
Fixed-term deposits	50,011	0	50,011	100%
Loans	15,789,731	11,791,402	3,998,329	34%
Leasing liabilities	2,512	0	2,512	100%
Other payables	327,506	356,227	-28,721	-8%
<b>Total amounts due to customers</b>	<b>17,128,866</b>	<b>12,516,909</b>	<b>4,611,957</b>	<b>37%</b>

### *Lending activities*

The Issuer's lending activity is primarily with banks (demonstrated by the fact that as at 31 December 2019, the aggregate of loans to banks was Euro 29,274 million, whereas, as at such date, the aggregate of loans to customers was Euro 13,277 million). Within the aggregate of amounts due from banks (Euro 25,655 million as at 31 December 2018), those due from cooperative banks and rural banks decreased by 1 per cent. (from Euro 18,104 million as at 31 December 2018 to Euro 17,955 million as at 31 December 2019) while the receivables from other credit institutions increased by 50 per cent. (from Euro 7,550 million as at 31 December 2018 to Euro 11,319 million as at 31 December 2019).

The following table shows the aggregate and breakdown of amounts due from banks as at 31 December 2019 and 31 December 2018:

<b>DUE FROM BANKS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>Change</b>	<b>Change</b>
	<i>Thousands of Euro</i>		<i>%</i>	
BCCs	17,955,094	18,104,299	(149,205)	-1%
Other credit institutions	11,318,679	7,550,454	3,768,225	50%
<b>Total</b>	<b>29,273,773</b>	<b>25,654,753</b>	<b>3,619,020</b>	<b>14%</b>

The following table shows the breakdown of amounts due from banks as at 31 December 2019 and 31 December 2018:

<b>BREAKDOWN OF AMOUNTS DUE FROM BANKS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>Change</b>	<b>Change</b>
	<i>Thousands of Euro</i>		<i>%</i>	
Due from Central Banks: - Obligatory Reserve	3,827,730	227,243	3,600,487	1,584%

<b>Due from Banks</b>	<b>25,446,043</b>	<b>25,427,510</b>	<b>18,533</b>	<b>0%</b>
- Current accounts and demand deposits	608,175	658,003	-49,828	-8%
- Time deposits	103,248	114,702	-11,454	-10%
- Other	20,989,227	20,023,891	965,336	5%
- Debt securities	3,745,394	4,630,914	-885,520	-19%
<b>Total Due from Banks</b>	<b>29,273,773</b>	<b>25,654,753</b>	<b>3,619,020</b>	<b>14%</b>

The following table shows the breakdown of loans to customers as at 31 December 2019 and 31 December 2018:

<b>BREAKDOWN OF LOANS TO CUSTOMERS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>Change</b>	<b>Change</b>
	<i>Thousands of Euro</i>		<i>%</i>	
Current accounts	309,093	318,630	-9,537	-3%
Medium/long-term loans	69,886	82,856	-12,970	-16%
Repurchase agreements	2,885,420	1,199,151	1,686,269	141%
Other transactions	2,570,568	2,216,595	353,973	16%
Debt securities	7,366,734	6,760,638	606,096	9%
Impaired assets	75,569	128,950	-53,381	-41%
<b>Total loans to customers</b>	<b>13,277,268</b>	<b>10,706,820</b>	<b>2,570,449</b>	<b>24%</b>

### ***Risks and related hedging policies***

The Issuer places particular emphasis on its risk protection and control systems. It aims to meet the highest standard of governance in performing its risk and control management functions and to apply well-established risk management practices. Risk management means striving to ensure that the Issuer uses its risk capacity in the most efficient way in relation to the achievement of a stable and sustainable generation of value, protecting financial solidity and allowing for adequate management of portfolios of assets and liabilities.

In accordance with its role of group head company (*capogruppo*) of the Iccrea Cooperative Banking Group and focusing on its lending activity, the Issuer is specialised in:

- a) supporting the BCCs in the agricultural sector;
- b) developing relations with companies, within the BCCs areas, which have a strong international approach;
- c) being the main key centre for subsidised loans for the BCCs;
- d) funding the needs of the BCCs by, for example, granting overdrafts, ceilings and maximum operational limits;

- e) developing, with the cooperative community, loans pooled with the BCCs to the members of the *Confcooperative* organisation (the Confederation of Italian Cooperatives); and
- f) the expansion of business activity with large corporate entities, consistent with the development of relations between these companies, the BCCs and the payment and electronic money services offered by the Issuer.

### ***Credit Risk Management***

#### *Monitoring*

In order to maintain the quality of its loan portfolio, the Issuer has a policy of careful evaluation of creditworthiness and the constant monitoring of its loan positions.

#### *Lending risk*

A centralised department establishes the procedures for evaluating the types of risks arising from each loan granted by the Issuer. The department also monitors the overall risk, verifies capital adequacy and evaluates the performance of lending activities in terms of risk/return. In addition, the process of debt recovery is supervised centrally and the debt recovery activities of the Issuer are coordinated.

#### *Bad Debts*

In accordance with the Bank of Italy's system of classification, the Issuer divides its loans into separate categories including, amongst others, (i) "substandard loans" for borrowers which are experiencing financial or economic difficulties that are likely to be temporary ("*inadempienze probabili*") and (ii) "bad loans" for borrowers against whom insolvency or similar proceedings have been instituted ("*sofferenze*").

The Issuer's loan portfolio is monitored on regular basis to review the prospects of recovery and estimated losses and the Issuer makes specific provisions tied to the expected loss on each non-performing loan, problem loan or, if deemed necessary, on certain performing loans.

As at 31 December 2019, the amount of net bad loans was Euro 74,343 thousand decreasing from Euro 127,512 thousand as at 31 December 2018.

The following table sets out the breakdown of the Issuer's bad loans (*sofferenze*) as at 31 December 2019 and 31 December 2018:

<b>BAD LOANS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
	<i>Thousands of Euro</i>	
Gross bad loans	141,203	166,935
Adjustments	66,860	39,423
Net bad loans	74,343	127,512

The following table sets out the breakdown of the Issuer's substandard loans (*inadempienze probabili*) as at 31 December 2019 and 31 December 2018:

<b>SUBSTANDARD LOANS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
	<i>Thousands of Euro</i>	
Gross substandard loans	1,398	1,601
Adjustments	172	186
Net substandard loans	1,226	1,415

As at 31 December 2019, net substandard loans amounted to Euro 1,226 thousand and the sum of net bad loans plus net substandard loans amounted to Euro 75,569 thousand.

### *Funding*

The total amount of funds borrowed by the Issuer as at 31 December 2019 was Euro 5,021,316 which represented a decrease of Euro 6,390 compared to Euro 5,027,706 in 2018.

### *Capital Ratios*

The Issuer (as head group company of the Iccrea Cooperative Banking Group) is required to meet, for 2020, the following capital ratios at consolidated level: (i) Total SREP Capital Requirement of 10.5% (including a minimum total capital requirement maintained on an ongoing basis, of 8%); (ii) an additional Pillar 2 own-funds requirement (to be held in the form of CET 1 capital on an ongoing basis) of 2.5%; (iii) a total capital requirement (including a capital conservation buffer of 2.5%) of 13%, while no specific requirements are imposed on the individual level.

The Issuer's capital ratios as at 31 December 2019 and 31 December 2018, which are set out in the table below, exceeded the minimum levels prescribed by the Bank of Italy.

<b>CAPITAL RATIOS</b>	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>
	<i>Thousands of Euro</i>	
Tier I Capital	1,706,331	1,610,157
Tier II Capital	534,600	134,600
Elements to be deducted	(161,981)	(97,882)
<b>Total Capital</b>	<b>2,078,950</b>	<b>1,646,875</b>
Credit Risk	286,791	285,439
Market Risk	22,175	18,506
Operation Risk	47,818	40,643
<b>Total requirements</b>	<b>375,669</b>	<b>359,146</b>
Risk weighted assets	4,695,857	4,489,326
<b>Tier I Ratio</b>	<b>34.60%</b>	<b>33.78%</b>
<b>Total Capital Ratio</b>	<b>44.27%</b>	<b>36.68%</b>

### *Consolidated Balance Sheet and Income Statement*

The following tables contain respectively:

- a) Audited consolidated financial information as at 31 December 2019 related to the Iccrea Cooperative Banking Group;

- b) Audited consolidated financial information as at 30 June 2019 related to the Iccrea Cooperative Banking Group;
- c) Audited consolidated financial information as at 31 December 2018 related to the former Iccrea Banking Group (before the constitution of the Iccrea Cooperative Banking Group).

Investors should note that the financial information as at 31 December 2018 is not comparable with the other consolidated financial information listed above, as the perimeter of the Group was different at the relevant time.

### ***Balance Sheet***

<b>ASSETS</b>	<b>TOTAL as at 31 December 2019 for the Group (EURO)</b>	<b>TOTAL as at 30 June 2019 for the Group (EURO)</b>	<b>TOTAL as at 31 December 2018 for the Group (EURO)</b>
Cash and cash equivalents	956,482	806,655	129,087
Financial assets measured at fair value through profit or loss	1,940,080	2,392,152	577,664
a) financial assets held for trading	205,225	425,510	327,506
b) financial assets measured at fair value	367,476	504,410	-
c) other financial assets mandatorily measured at fair value	1,367,379	1,462,232	250,158
Financial assets measured at fair value through other comprehensive income	9,109,726	9,850,320	454,817
Financial assets measured at amortised cost	135,869,471	130,614,294	38,832,682
a) Due from banks	8,405,860	6,052,250	19,242,306
b) Due from customers	127,463,611	124,562,044	19,590,376
Hedging derivatives	17,816	8,786	7,715
Value adjustment of financial assets hedged generically (+/-)	139,945	166,338	750
Equity Investments	88,893	140,543	120,962
Property, plant and equipment	2,842,541	2,816,694	709,930
Intangible assets	146,462	134,312	68,711



<b>ASSETS</b>	<b>TOTAL as at 31 December 2019 for the Group (EURO)</b>	<b>TOTAL as at 30 June 2019 for the Group (EURO)</b>	<b>TOTAL as at 31 December 2018 for the Group (EURO)</b>
- goodwill	25,868	52,780	16,722
Tax assets	2,135,149	2,201,216	423,077
a) current	432,725	505,638	110,879
b) deferred	1,702,424	1,695,578	312,198
Non-current assets and disposal groups held for sale	33,856	39,372	39,026
Other assets	2,250,045	2,162,716	454,897
<b>TOTAL ASSETS</b>	<b>155,530,466</b>	<b>151,333,398</b>	<b>41,819,318</b>

<b>LIABILITIES</b>	<b>TOTAL as at 31.12.2019 for the Group (EURO)</b>	<b>TOTAL as at 30.06.2019 for the Group (EURO)</b>	<b>TOTAL as at 31.12.2018 for the Group (EURO)</b>
Financial liabilities measured at amortised cost	140,832,997	137,029,971	39,118,221
a) Due to banks	18,873,746	20,805,129	19,236,824
b) Due to customers	105,581,113	98,825,018	14,781,287
c) Securities issued	16,378,138	17,399,824	5,100,110
Financial liabilities held for trading	163,728	337,234	245,456
Financial liabilities measured at fair value	11,461	19,585	469
Hedging derivatives	321,431	388,618	69,033
Value adjustment of financial liabilities hedged generically (+/-)	(825)	(245)	-
Tax liabilities	105,945	88,306	4,439

<b>LIABILITIES</b>	<b>TOTAL as at 31.12.2019 for the Group (EURO)</b>	<b>TOTAL as at 30.06.2019 for the Group (EURO)</b>	<b>TOTAL as at 31.12.2018 for the Group (EURO)</b>
a) current	19,113	14,184	1,193
b) deferred	86,832	74,122	3,246
Liabilities associated with assets held for sale	-	-	20,369
Other liabilities	3,111,184	2,512,650	615,869
Employee termination benefits	306,254	323,684	24,696
Provisions for risks and charges	445,700	438,433	88,971
a) commitments and guarantees issued	205,309	184,354	21,492
c) other provisions for risk and charges	240,391	254,079	67,479
Valuation reserves	254,511	171,453	43,322
Equity instruments	30,139	30,139	-
Reserves	8,390,589	8,366,489	337,408
Share premiums reserves	146,702	146,014	6,081
Share capital	2,313,691	2,315,758	1,151,045
Treasury shares (-)	(1,212,256)	(1,091,340)	(4,608)
Non-controlling interests (+/-)	70,737	78,030	92,879
Net profit (loss) for the period (+/-)	238,478	178,619	5,667
<b>TOTAL LIABILITIES</b>	<b>155,530,466</b>	<b>151,333,398</b>	<b>41,819,318</b>

### **Income Statement**

<b>INCOME STATEMENT</b>	<b>TOTAL as at 31.12.2019 for the Group (EURO)</b>	<b>TOTAL as at 30.06.2019 for the Group (EURO)</b>	<b>TOTAL as at 31.12.2018 for the Group (EURO)</b>
Interest and similar income	2,912,506	1,525,819	566,484
of which: interest income calculated using effective interest rate method	2,846,033	825,454	422,257
Interest and similar expenses	(562,661)	(307,646)	(230,605)
<b>Net interest income</b>	<b>2,349,845</b>	<b>1,218,173</b>	<b>335,879</b>
Fee and commission income	1,441,401	701,256	651,082
Fee and commission expense	(172,838)	(95,233)	(395,658)
<b>Net fee and commission income (expense)</b>	<b>1,268,563</b>	<b>606,023</b>	<b>255,424</b>
Dividends and similar income	4,373	3,582	8,707
Net gain (loss) on trading activities	19,752	10,763	10,245
Net gain (loss) on hedging activities	(4,772)	(1,059)	(4,564)
Net gain (loss) on the disposal or repurchase of:	246,469	91,786	(35,517)
a) financial assets measured at amortised cost	151,666	61,529	27,768
b) financial assets measured at fair value through other comprehensive income	94,420	29,268	(64,210)
c) financial liabilities	383	989	925
Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss	40,722	30,784	(1,720)
a) financial assets and liabilities measured at fair value	3,168	4,427	33
b) other financial assets mandatorily measured at fair value	37,554	26,357	(1,753)
<b>Gross income</b>	<b>3,924,952</b>	<b>1,960,051</b>	<b>568,454</b>

Net losses/recoveries for credit risk in respect of:	(666,344)	(261,307)	(97,656)
a) financial assets measured at amortised cost	(667,458)	(263,657)	(96,826)
b) financial assets measured at fair value through other comprehensive income	1,114	2,350	(830)
Gains/losses from contractual modifications without derecognition	(14,319)	(649)	208
Net income (loss) from financial operations	3,244,289	1,698,095	471,006
Net income (loss) from financial and insurance operations	3,244,289	1,698,095	471,006
Administrative expenses:	(3,018,872)	(1,522,098)	(552,391)
a) personnel expenses	(1,700,252)	(826,810)	(204,066)
b) other administrative expenses	(1,318,620)	(695,288)	(348,325)
Net provisions for risks and charges	(30,568)	(1,486)	(1,564)
a) commitments and guarantees issued	(13,569)	9,697	2,999
b) other net provisions	(16,999)	(11,183)	(4,563)
Net adjustments of property, plant and equipment	(178,472)	(84,802)	(22,625)
Net adjustments of intangible assets	(21,325)	(8,442)	(11,196)
Other operating expenses/income	347,415	158,412	97,296
Operating costs	(2,901,822)	(1,458,416)	(490,480)
Profit (loss) from equity investments	10,899	2,948	8,382
Net gain (loss) from valuation at fair value of property, plant and equipment and intangible assets	(22,858)	(13,888)	(20,052)
Goodwill impairment	(22,671)	-	(4,965)
Profit (loss) from disposal of investments	2,160	3,180	6,988

Income (loss) from continuing operations, before taxes	309,997	231,919	(29,121)
Income taxes for the period relating to continuing operations	(65,049)	(50,540)	36,623
Profit (loss) after tax on continuing operations	244,948	181,379	7,502
Profit (loss) after tax on discontinued operations	15	-	-
Net profit (loss) for the period	244,963	181,379	7,502
Net profit (loss) for the period – non-controlling interests	6,485	2,760	1,835
Net profit (loss) for the period – shareholders of the Issuer	238,478	178,619	5,667

As regards consolidated own funds and capital adequacy, at 31 December 31, 2019, the CET1 ratio came to 15.5% with a capital equal to Euro 11.02 billion and the TC ratio came to 16.3%, with a capital equal to Euro 11.62 billion, both of which are higher than the averages for the Italian banking industry as a whole. As at 31 December 2018, the CET1 ratio came to 15.3% with a capital equal to Euro 10.95 billion and the TC ratio came to 15.7%, with a capital equal to Euro 11.27 billion, while, at 30 June 2019 the CET1 ratio came to 15.5% with a capital equal to Euro 11.09 billion and the TC ratio came to 15.8%, with a capital equal to Euro 11.31 billion.

These capital ratios do not include the capitalization of 2019 earnings, which will take place in 2020, the effect of which is an estimated improvement in capital ratios (assuming no change in RWAs) of between 20 and 25 basis points.

As regards RWA values of the Group, these were equal to: Euro 71.58 billion as at 31 December 2018, Euro 71.59 billion as at 30 June 2019 and Euro 71.12 billion at 31 December 2019.

The Group's business model aims for full territorial coverage with an extensive client base over the long term. As at December 2019, the amount of gross loans to customers was Euro 91.5 billion (while the net amount was equal to Euro 85.2 billion) of which approximately 80% comprised loans granted to individuals (Euro 31.5 billion) and SMEs (Euro 43.1 billion) which represent, respectively, 34.5% and the 47.1% of the total loans granted. Accordingly, such breakdown of loans by counterparty type bears out the business model of the affiliated BCCs.

During 2020, certain liability maturities have been postponed. With regard to the Group's bond issuance position, during the first semester of 2020 about €1.4 billion expired and about € 0.13 billion has been reimbursed in advance by Iccrea Banca. As regard T-LTRO activities, the Group's maturing positions at at June 2020 differs as compared with December 2019. In particular, at June 2020, T-LTRO II funding have been reimbursed and the Group has participated in the T-LTRO III Programme for more than € 25 billion, postponing the maturities to the year 2023.

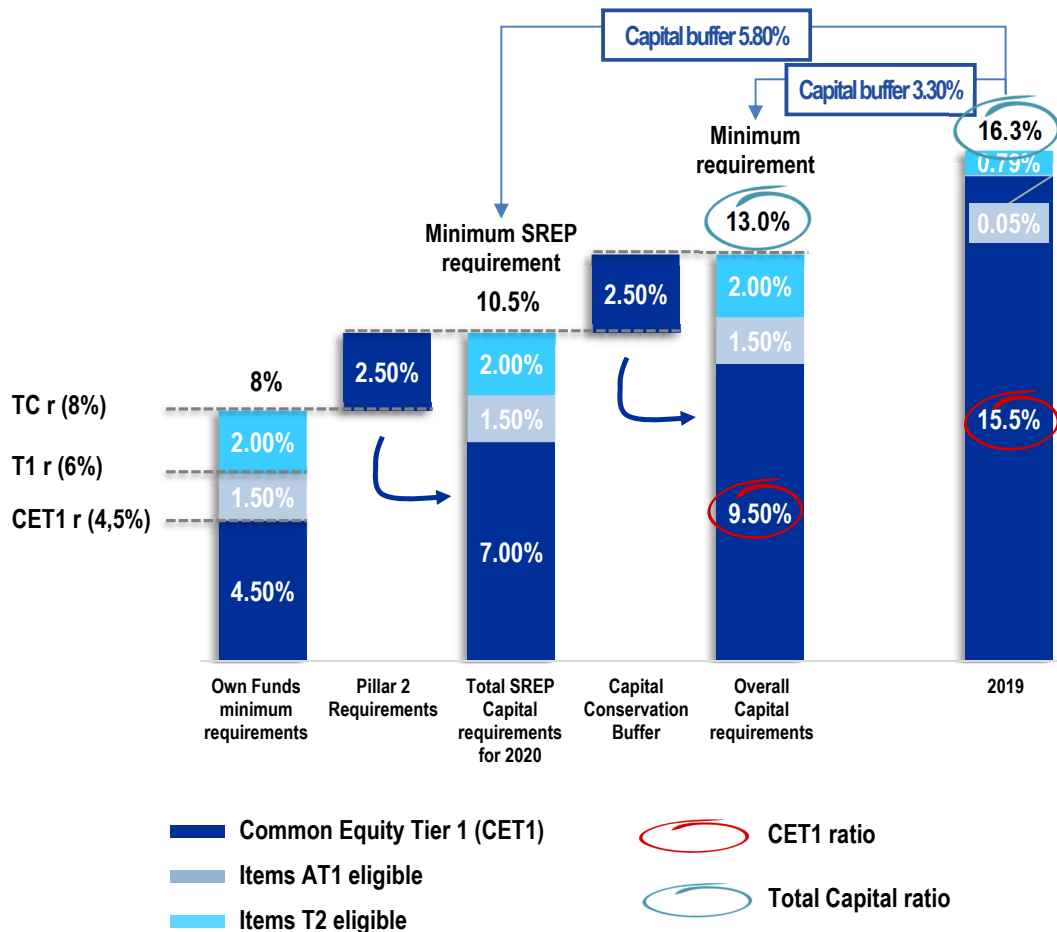
Maturing Bond Issuances		
€/bn	31/12/2019	30/06/2020
2020	3,01	1,48
2021	3,14	3,19
2022	2,23	2,23
2023	0,88	0,90

Maturing TLTRO tranches		
€/bn	31/12/2019	30/06/2020
2020	6,30	0,22
2021	10,79	0,71
2022	0,51	0,46
2023	0,00	26,01

The Group's financial investments amount to approximately € 54.3 billion, of which 80% is allocated to the portfolio valued at amortized cost (Hold to Collect - HTC business model) in line with the traditional business model that characterizes the BCCs, aimed at benefiting from the coupon yield and at not exposing own funds to volatility risks.

With regards to capital requirements, the Group's capital position in 2019 was above the SREP requirements in force from 1 January 2020.

## Capital position



## Organisational Structure

The members of the Board of Directors, Management Board, and Board of Auditors of the Issuer as of the date of this Base Prospectus are listed hereunder, together with details of their positions and any principal activities carried out in other companies where these may overlap with the office held in the context of the Issuer:

### *Board of Directors*

The Board of Directors of the Issuer is composed of fifteen members, including the Chairman appointed at the Shareholders' Meeting and a Vice Chairman with duties as a Substitute (Vicario) appointed by the Board of Directors recommended by the Chairman.

The extraordinary meeting of the Issuer, held on 30 April 2019, renewed the members of the Board of Directors for the 2019-2021 financial years. They will remain in place until the shareholders' meeting called to approve the financial statements 2021.

The members of the Board of Directors in office at the date of approval of this Base Prospectus and the list of the main activities performed by them outside of the Issuer, which are significant in respect to the Issuer, are indicated in the following table:

<b>Name</b>	<b>Responsibilities within the Issuer</b>	<b>Principal activity outside the Issuer</b>
Maino Giuseppe	Chairman <i>(Presidente)</i>	Chairman of Banca di Milano CC; Chairman of BCC Solutions S.p.A.; Vice Chairman of Federazione Lombarda BCC; Director of Federcasse-Federazione Italiana BCC/CRA, ABI
Stra Pierpaolo	Vice Chairman with vicarious functions <i>(Vicedirettore Generale Vicario)</i>	Vice Chairman of Banca d'Alba, Langhe e Roero e del Canavese Scarl
Saporito Salvatore	Vice Chairman <i>(Vicedirettore Generale)</i>	Chairman of BCC G. Toniolo di San Cataldo Srl; Chairman of Federazione Siciliana delle BCC S.c.r.l.; Director of Federcasse-Federazione Italiana BCC/CRA

Alfieri Lucio	Director ( <i>Consigliere</i> )	Chairman of BCC di Buccino e dei Comuni Cilentani s.c.;;  Director of Federcasse-Federazione Italiana BCC/CRA;  Director of Fondo degli obbligazionisti del C.C.;;  Director of Fondo di Garanzia Istituzionale del C.C.
Bernardi Giuseppe	Independent Director ( <i>Consigliere Indipendente</i> )	Chairman of/A.D. Business Bridge S.r.l.;;  Member of C.I. Fondazione della Banca del Monte di Lombardia;
Carri Francesco	Director ( <i>Consigliere</i> )	Substitute Vice Chairman of Terre Etrusche e di Maremma Credito Cooperativo (Banca Tema);  Director of Federazione Toscana BCC S.c.r.l.;;  Chairman of the Board of Statutory Auditors of IBF Servizi S.p.A.;;  Auditor of B.F. Agro-Industriale S.p.A.
Fiordelisi Teresa	Director ( <i>Consigliere</i> )	Chairman of BCC Basilicata CC di Laurenzana e Comuni Lucani SC;  Director of ECRA S.r.l.;;  Director of CO.SE.BA. Scp;  Director of Federcasse-Federazione Italiana BCC/CRA;  Director of Federazione BCC Puglia e Basilicata S.C.
Gambi Giuseppe	Director ( <i>Consigliere</i> )	Vice Chairman of C.C. Ravennate, forlivese e Imolese S.C.;;  Chairman of Collegio Revisori Confcooperative-Unione Territoriale Ravenna e Rimini;  Auditor of Confcooperative-Confederazione Cooperative Italiane;



		<p>Auditor of Federcasse-Federazione Italiana BCC/CRA;</p> <p>Chairman of the Board of Statutory Auditors of Brio S.p.A.;</p> <p>Chairman of the Board of Statutory Auditors of Valfrutta Fresco S.p.A.</p>
Leone Paola	<p>Independent Director</p> <p><i>(Consigliere Indipendente)</i></p>	<p>Full Professor at Università La Sapienza di Roma in "<i>Economia degli Intermediari Finanziari</i>"</p>
Longhi Maurizio	<p>Director</p> <p><i>(Consigliere)</i></p>	<p>Substitute Vice Chairman of BCC di Roma S.C.;</p> <p>Chairman of Sinergia Scarl;</p> <p>Chairman of Banca per lo Sviluppo della Cooperazione di Credito S.p.A.;</p> <p>Auditor of Federazione BCC Lazio, Umbria e Sardegna S.C.</p>
Menegatti Luigi	<p>Independent Director</p> <p><i>(Consigliere Indipendente)</i></p>	<p>Chairman of Itas Patrimonio S.p.A.</p>
Minoja Mario	<p>Independent Director</p> <p><i>(Consigliere Indipendente)</i></p>	<p>Full Professor of Economia Aziendale at Università di Udine;</p> <p>Director of Aletti &amp; C. Banca d'Investimento mobiliare S.p.A.</p>
Piva Flavio	<p>Director</p> <p><i>(Consigliere)</i></p>	<p>Chairman of VeronaBanca C.C. Cadidavid Scpa;</p> <p>Vice Chairman of Federazione Veneta BCC S.C.;</p> <p>Director of CAD IT S.p.A.</p>
Porro Angelo	<p>Director</p> <p><i>(Consigliere)</i></p>	<p>Chairman of CRA di Cantù BCC;</p> <p>Director of Federazione Lombarda delle BCC s.c.</p>
Zoni Laura	<p>Independent Director</p> <p><i>(Consigliere Indipendente)</i></p>	<p>Full Professor of "<i>Programmazione e Controllo</i>" at Economy and Law Faculty;</p>

		Director of Università Cattolica del Sacro Cuore
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All members of the Board of Directors are in possession of the requisites of professionalism, integrity and independence provided for by the legal and regulatory provisions and, for the purposes of their office, are domiciled at the registered office of the Issuer.

#### *Management Board*

The Management Board is made up of the Managing Director and three Vice Chairmans. The the Managing Director was appointed on 17 June 2019, the Vice Managing Director on 4 October 2016 (the title of Vice Managing Director was conferred on the Vice Managing Director by the Board of Directors of the Issuer on 16 January 2020) and, finally, the last two Vice Managing Directors were appointed by the Board of Directors of the Issuer on 16 January 2020.

The following table comprises a list of the members of the Management Board and the main activities performed by them outside of the Issuer, which are significant in respect to the Issuer, on the date of approval of this Base Prospectus.

<b>Name</b>	<b>Responsibilities within the Issuer</b>	<b>Principal activity outside Iccrea Banca S.p.A.</b>
Mauro Pastore	Managing Director <i>(Direttore Generale)</i>	Chairman of BCC Sistemi Informatici
Giovanni Boccuzzi	Vice Chairman with vicarious functions <i>(Vicedirettore Generale Vicario)</i>	Director of BCC Gestione Crediti S.p.A.; Director of BCC Credito Consumo S.p.A.
Pietro Galbiati	Vice Chairman <i>(Vicedirettore Generale)</i>	Vice Chairman of BCC Sistemi Informatici; Vice Chairman of Sinergia – Sistema di servizi scarl; Director of BCC Gestione Crediti S.p.A., Director of BCC Retail
Francesco Romito	Vice Chairman <i>(Vicedirettore Generale)</i>	

All members of the Management Board of the Issuer are, for the purposes of the office held, domiciled at the registered office of the Issuer.

#### *Board of Statutory Auditors*

The Board of Statutory Auditors of the Issuer is composed of three auditors and two substitute auditors, appointed by the Shareholders' Meeting which, among them, appoints the Chairman. The ordinary Shareholders' Meeting of the Issuer, held on 30 April 2019, renewed the members of the Board of Statutory Auditors for the years 2019-2021. Starting from 23 April 2013, the Board of Statutory Auditors of the Issuer has assumed the role of Supervisory Body (*organismo di vigilanza*) for the purposes of Legislative Decree 231/01.

The following table comprise a list of the members of the Issuer's Board of Statutory Auditors and the main activities performed by them outside the Issuer, as significant having regard to the Issuer at the date of approval of this Base Prospectus:

Name	Responsibilities within the Issuer	Principal activity outside the Issuer
Sbarbati Fernando	Chairman (Presidente)	Chairman of the Board of Statutory Auditors of CreditoConsumo S.p.A.; Auditor of BCC Solutions S.p.A.; Auditor of FDR Gestione Crediti S.p.A.; Auditor of BCC Sistemi Informatici S.c.p.a.; Auditor of BCC Gestione Crediti S.p.A.; Auditor of Augustawestland S.p.A.; Auditor of Enel Produzione S.p.A.; Single Auditor: BCC Beni Immobili S.r.l., Enel Si S.r.l., Enel Green Power Solar Energy S.r.l.; Substitute Auditor of BCC Lease S.p.A.
Andriolo Riccardo	Auditor effettivo)	(Sindaco Auditor of BCC Risparmio e Previdenza Sgrpa; Auditor of BCC CreditoConsumo S.p.A.; Auditor BCC Retail S.c.ar.l.; Substitute Auditor Iccrea BancaImpresa S.p.A.; Substitute Auditor of Ventis S.r.l.; Substitute Auditor of 13metriquadri S.r.l.
Zanardi Barbara	Auditor effettivo)	(Sindaco Director of Avvenire Nuova Editoriale Italiana S.p.A.; Director of Iren Mercato S.p.A.; Auditor of Federcalcio Servizi Srl; Auditor of Poste Vita S.p.A.; Substitute Auditor of BCC Gestione Crediti; Substitute Auditor of BCC Credito Consumo
Grange Alessandro	Substitute auditor (Sindaco supplente)	Auditor of Autostrade meridionali S.p.A.; Auditor of Clessidra S.G.R. S.p.A.;

			Auditor of BBVA Finanzia in liquidazione S.p.A.;
			Chairman of the Board of Statutory Auditors of Banca Popolare di Puglia e Basilicata Scpa
Vento Gianfranco Antonio	Substitute (Sindaco supplente)	auditor	Chairman of the Board of Statutory Auditors of Principia SGR S.p.A;
			Director of Cassa di Risparmio di San Marino

The members of the Board of Directors, the Management Board and the Board of Statutory Auditors are all domiciled for the purpose of their appointment at the registered office of the Issuer at Via Lucrezia Romana 41/47, 00178 Rome.

### **Conflicts of Interest**

Certain members of the Board of Directors, Management Board, and Board of Statutory Auditors of the Issuer hold identical offices in other companies (as described in the tables above), and this situation, together with other circumstances which may arise from time to time, may lead to conflicts of interest. Where such conflicts arise, the Issuer has in place procedures to manage the situation in accordance with applicable laws. More specifically, the Issuer manages conflicts of interest in accordance with article 2391 of the Italian Civil Code and article 136 of the Consolidated Banking Law.

### **Financial Statements**

The Issuer prepares consolidated and separate annual financial statements and unaudited interim financial statements and, as the head group company of the Iccrea Cooperative Banking Group (*Gruppo Bancario Cooperativo Iccrea*), prepares the consolidated financial statements.

### **Auditors**

The Issuer's separate annual financial statements as at 31 December 2019 and 31 December 2018 and the annual consolidated financial statements of the Issuer as at 31 December 2019 and 31 December 2018 incorporated by reference herein have been audited, without qualification and in accordance with generally accepted standards in the Republic of Italy, by Ernst & Young S.p.A.. The audit reports of Ernst & Young S.p.A. are available to the public and incorporated by reference herein.

Ernst & Young S.p.A. is an independent registered public accounting firm and a member of the ASSIREVI – *Associazione Nazionale Revisori Contabili*, being the Italian Auditors Association. The business address of Ernst & Young S.p.A. is Via Lombardia, 31 – 00187 Rome, Italy. The shareholders meeting of 30 April 2019 appointed Ernst & Young S.p.A. as auditor for the years 2019-2020.

### **Values and Sustainable Development Goals**

The Group aims to include several of the 17 Sustainable Development Goals adopted by the United Nations in 2015 as part of the Group's business objectives and is inspired by the values contained in the Encyclical Letter of Pope Francis published in 2015 entitled "Laudato si" (Praise be to all). It encourages sustainable, fair and responsible economic development in Italy by providing financial support to entrepreneurs and small businesses. The concept of

sustainability is part of the DNA and a core value of the BCC; article 2 of the by-laws of the BCC and the so-called "Charter of Values" (*Carta dei Valori*) of the BCC show that it is central to its principles, values and growth in terms of market and business for cooperative credit.

### **Legal and Arbitration Proceedings**

As of the date of this Base Prospectus, the Issuer is involved in certain administrative, legal and arbitration proceedings relating to its ordinary business activities.

Although the outcome of these proceedings is difficult to forecast, the Issuer does not believe that they will have a significant effect on the financial situation or profitability of the Issuer or the Group.

In any case, based on an assessment of the possible risk of these litigations, the Issuer has made a provision to the Risks and Charges account (Item 100 c. of the balance sheet) for the amount of Euro 10,435 which it considers adequate to cover the amounts that could become due in relation to these litigations.

## 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.*

### Republic of Italy

#### 1. Tax treatment of Notes which qualify as "*obbligazioni*" (bonds) or "*titoli similari alle obbligazioni*" (securities similar to bonds)

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") sets out the applicable regime regarding the 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 securities similar to bonds ("*titoli similari alle obbligazioni*") issued, *inter alia*, by Italian banks.

For these purposes, securities similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

##### 1.1 *Italian resident Noteholders*

Where the Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in the Republic of Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder), also to IRAP (the regional tax on productive activities).

Under the regime provided by law-decree No. 351 of September 25, 2001 converted into law with amendments by law No. 410 of November 23, 2001, as clarified by the Agenzia delle Entrate through Circular No. 47/E of August 8, 2003, payments of interests in respect of the Notes made to Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree 24 February 1998, No. 58 and article 14-bis of Law 1 January 1994, No. 86, are not subject to *imposta sostitutiva*. The taxation of the real estate fund has been repeatedly amended by Law Decree No. 78 of 31 May 2010 as converted, with amendments, into Law No. 122 of 30 July 2010 and by Law Decree No. 70 of 13 May 2011 as converted, with amendments, into Law No. 160 of 12 July 2011. Such new legislations have not affected the taxation of the Notes as described above.

If an investor is resident in Italy and is an open-ended or closed-ended investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (the "**Fund**"), a SICAV or a SICAF and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund, the SICAV or the SICAF will not be subject to taxation on such result, but a substitutive tax, up to 26%, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised 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. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in the Republic of Italy or be a permanent establishment in the Republic of Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer 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 are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

## 1.2 *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies *provided that* the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy (the "**White List States**") as listed, pursuant to Article 11, paragraph 4, of Decree 239, in the Ministerial Decree of 4 September 1996, as amended from time to time. Pursuant to Article 1-*bis* of Ministerial Decree of 4 September 1996, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with the exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in the Republic of Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into



force in the Republic of Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption.

However, Noteholders who are subject to the substitute tax might be eligible for a total or partial relief under any applicable tax treaty.

## 2. **Interest and other proceeds from Notes not having 100 per cent. capital protection guaranteed by the Issuer**

In case Notes representing debt instruments implying a "use of capital" do not incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for interim payments) and/or they give any right to directly or indirectly participate in the management of the relevant issuer or of the business in relation to which they are issued and/or any type of control on the management, Interest in respect of such Notes may be subject to a withholding tax, levied at the rate of 26% pursuant to Law Decree No. 512 of 30 September 1983.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities), (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax; in all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

In the case of non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, the withholding tax may be reduced by the applicable double tax treaty, if any.

## 3. **Capital gains tax**

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised from the sale or redemption of the

Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. Noteholders may set off any losses with their gains.

In respect of the application of *imposta sostitutiva* on capital gains, taxpayers may opt for one of the three regimes described below:

- (a) Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:
  - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
  - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (c) Under the "asset management" regime (the "*risparmio gestito*" regime), any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the

four succeeding tax years. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Any capital gains realised by a Noteholder who is an Italian real estate investment fund will neither be subject to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund (as defined above), a SICAV or a SICAF will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund, the SICAV or the SICAF will not be subject to taxation on such result, but a substitutive tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will 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. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies *provided that* the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in the Republic of Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, *provided that* the effective beneficiary is:

- (a) resident in a White List State;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;

- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

#### 4. **Inheritance and gift taxes**

Transfers of any valuable asset (including shares, Notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding €100,000; and
- (c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate, mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

#### 5. **Transfer tax**

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows:

- (i) public deeds and notarised deeds are subject to mandatory registration;
- (ii) private deeds are subject to registration only in the case of voluntary registration.

#### 6. **Stamp duty**

Article 13, paragraph 2 *ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Stamp Duty Law**"), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduces a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to clients as of 1 January 2012 ("**Statement Duty**"). The statement is deemed to be sent to the clients on an annual basis, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate 0.2 percent (but in any case not exceeding €14,000 only for entities other than individuals). According to

a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterised for tax purposes as "financial instruments".

### **The Proposed Financial Transaction Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **U.S. Foreign Account Tax Compliance Act**

Pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, which sections are commonly referred to as the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), certain issuers of debt instruments and financial intermediaries may be required to withhold U.S. tax on payments on such debt instruments. However, FATCA withholding on the Notes currently does not apply pursuant to an intergovernmental agreement between the United States and the Republic of Italy. Furthermore, in accordance with a grandfathering rule, even if the payments on the Notes are otherwise potentially subject to FATCA withholding, the Notes, so long as they are characterized as indebtedness for U.S. federal income tax purposes, should only become subject to FATCA withholding if the Notes are materially modified after the date that is six months after the date final Treasury regulations defining the term "*foreign passthru payment*" are published. No such final Treasury regulations have been published yet. In the event any withholding under FATCA is required with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount. The scope of these rules remains unclear and potentially subject to material changes. Holders should consult their own tax advisors on 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 of the relevant Notes, the price at which such Notes will be purchased by the Dealers 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 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.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

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, 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 and UK Retail Investors**

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA and 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 the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision:

(a) 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 Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

If the Final Terms in respect of any Notes specifies "*Prohibition of Sales to EEA and UK Retail Investors*" as "Not Applicable", in relation to each Member State of the European Economic Area and the UK (each, a "**Relevant State**"), 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 made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

#### **Selling restrictions addressing additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) 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
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

- (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
- (B) 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 by the Issuer of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA");

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Republic of Italy**

The offering of the Notes has not been registered with the CONSOB pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Without prejudice to the paragraph entitled "*Prohibition of Sales to EEA and UK Retail Investors*" above, each Dealer has represented and agreed that, save as set out below, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed 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.

Any such 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 must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**") (in each case as amended from time to time);
- (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 on 10 August 2016), and



- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or any other Italian authority.

## **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") and, accordingly, each Dealer has represented and agreed that has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **General**

Each Dealer has represented, warranted and agreed 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 a supplement to this Base Prospectus.

## GENERAL INFORMATION

### **Listing and admission to trading**

Application has been made to the CSSF to approve this Base Prospectus as a base prospectus for the purposes of the Prospectus Regulation and the relevant implementing measures in Luxembourg. Application has been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

However, Notes may be issued pursuant to the Programme which will not be listed on the official list of the Luxembourg Stock Exchange or admitted to trading on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on or admitted to trading on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The update of the Programme was authorised by the Board of Directors of the Issuer on 30 March 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### **Legal Entity Identifier**

The Legal Entity Identifier (LEI) of the Issuer is NNVPP80YIZGEY2314M97.

### **Use of proceeds**

Unless otherwise specified in the applicable Final Terms, the net proceeds from each Tranche of Notes will be used by the Issuer for its general funding purposes and to improve the regulatory capital structure of the Issuer.

If the Tranche of Notes to be issued is described as Green Bonds and/or Social Bonds and/or Sustainability Bonds, the applicable Final Terms will describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied also by making reference to the relevant bond framework.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream Banking. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream Banking SA is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

## **Litigation**

The Issuer, and the Issuer's subsidiaries have not been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document, relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Issuer's financial position or profitability and, so far as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

## **No material adverse change**

Since 31 December 2019 (being the last day of the financial period in respect of which the most recent audited annual financial statements of the Issuer have been prepared), there has been no material adverse change in the financial condition or prospects of the Issuer or its subsidiaries.

## **No significant change**

Other than any change in the financial position of the Issuer and its group connected with the creation of the Group and related corporate reorganisation pursuant to the BCC Reform Law as described in the section "*Description of the Issuer – Recent Events*" and "*Presentation of Financial Information*", since 31 December 2019 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no significant change in the financial position or financial performance of the Issuer or the Group.

## **Auditors**

The Issuer's annual separate and consolidated financial statements as at 31 December 2019 and 31 December 2018 have been audited without qualification by Ernst & Young S.p.A. with its registered office at Via Po, 32, 00198 Rome, Italy, independent accountants.

Ernst & Young S.p.A. is authorized and regulated by the Italian Ministry of Economy and Finance ("MEF") and registered on the special register of auditing firms held by the MEF.

## **Material Contracts**

The Issuer has not entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Noteholders.

## **Rating Agencies**

Each of Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited is established in the EEA or UK and registered under the CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

## **Minimum denomination**

Where Notes issued under the Programme are 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, such Notes will not have a denomination of less than €100,000 (or,

where the Notes are issued in a currency other than euro, the equivalent amount in such other currency).

### **Documents on display**

For so long as the Programme remains in effect or any Notes are outstanding, electronic copies of the following documents may be inspected (and, in the case of (d) and (e) below, are available for collection) during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreements;
- (b) the Deed of Covenant;
- (c) the Programme Manual (being a manual signed for the purposes of identification by the Issuer and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
- (d) 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 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);
- (e) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein;

### **Publication on the Internet**

The By-laws (*Statuto*) of the Issuer are available on the Issuer's website at:

[https://www.iccreabanca.it/Style%20Library/Iccrea/attachments/Statuto%20Iccrea%20Banca\\_EN.pdf](https://www.iccreabanca.it/Style%20Library/Iccrea/attachments/Statuto%20Iccrea%20Banca_EN.pdf)

This Base Prospectus and the documents listed in paragraphs (d)-(e) above are available on the Issuer's website at:

<https://www.iccreabanca.it/it-IT/Pagine/obbligazioni2.aspx>

Unless specifically incorporated by reference into this Base Prospectus, information contained on the Issuer's website does not form part of this Base Prospectus.

In addition, this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document

incorporated by reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

### **Issue Price and Yield**

Notes may be issued at any price. The issue price of each Tranche 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 and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

### **Interests of natural and legal persons involved in the issue/offer**

Certain of the Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in financing, 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 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 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 the Issuer's affiliates. Certain of the Dealers or their affiliates 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 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 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. The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme. For the purposes of this paragraph the term "affiliates" also includes the parent company.

**Validity of base prospectus and base prospectus supplements**

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.

## REGISTERED OFFICE OF THE ISSUER

**ICCREA Banca S.p.A**  
Via Lucrezia Romana 41/47  
00178 Rome  
Italy

## ARRANGER

**Mediobanca – Banca di Credito Finanziario S.p.A.**  
Piazzetta E.Cuccia, 1  
20121 Milan  
Italy

## DEALERS

**Intesa Sanpaolo S.p.A**  
Divisione IMI Corporate & Investment  
Banking  
Via Manzoni, 4  
20121 Milan  
Italy

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
D02 RF29  
Ireland

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP PARIBAS**  
16, boulevard des Italiens  
75009 Paris  
France

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Citigroup Global Markets Limited**  
Citigroup Centre, Canada Square,  
Canary Wharf,  
London E14 5LB  
United Kingdom

**Commerzbank Aktiengesellschaft**  
Kaiserstrasse 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Coöperatieve Rabobank U.A.**  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**Crédit Agricole Corporate and  
Investment Bank**  
12, Place des Etats-Unis, CS 70052  
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France

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**DZ BANK AG Deutsche Zentral-  
Genossenschaftsbank, Frankfurt am  
Main**  
Platz der Republik  
D-60325 Frankfurt am Main  
Germany

**Goldman Sachs International**  
Plumtree Court  
25 Shoe Lane  
EC4A 4AU  
London  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

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00178 Rome  
Italy

**Mediobanca – Banca di Credito  
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Piazzetta E.Cuccia, 1  
20121 Milan  
Italy

**MPS Capital Services S.p.A.**  
Via Leone Pancaldo 4  
50127 Florence  
Italy

**Natixis**  
30 Avenue Pierre Mendès-France  
75013 Paris  
France

**NatWest Markets Plc**  
250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**NatWest Markets N.V.**  
Claude Debussylaan 94  
1082 MD Amsterdam  
The Netherlands

**Nomura International plc**  
1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Raiffeisen Bank International AG**  
Am Stadtpark 9  
A-1030 Vienna  
Austria

**Société Générale**  
29 Boulevard Haussmann  
75009 Paris  
France

**UniCredit Bank AG**  
Arabellastrasse 12  
81925 Munich  
Germany

**PRINCIPAL PAYING AGENT, FISCAL AGENT AND LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**  
60 avenue J.F. Kennedy  
1855 Luxembourg  
Luxembourg

**LEGAL ADVISERS**

*To the Dealers  
as to English and Italian law*  
**Clifford Chance Studio Legale Associato**  
Via Broletto, 16  
20121 Milan  
Italy



*To the Issuer*  
*as to English and Italian law*  
**Orrick, Herrington & Sutcliffe (Europe) LLP**  
Corso Matteotti 10  
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**AUDITORS TO THE ISSUER**

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00198 Rome  
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