

**Amended and Restated Terms and Conditions of the €1,250,000,000 7.75% Additional Tier 1 Notes  
issued by Intesa Sanpaolo S.p.A. (ISIN XS1548475968)  
with effect as of 13 June 2022**

*The following is the text of the terms and conditions which will be endorsed on each Note in definitive form (if issued).*

**1. INTRODUCTION**

- 1.1 The issue of the €1,250,000,000 7.75% Additional Tier 1 Notes (the “**Notes**”) issued by Intesa Sanpaolo S.p.A. (the “**Issuer**” or “**Intesa Sanpaolo**”) was authorised by a resolution of the board of directors of the Issuer passed on 28 October 2016.
- 1.2 The Notes are the subject of a fiscal agency agreement dated 11 January 2017 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, Deutsche Bank AG, London 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 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).
- 1.3 The Issuer has appointed Deutsche Bank AG, London Branch to act as calculation agent (the “**Calculation Agent**”, which expression includes any successor calculation agent appointed from time to time in connection with the Notes).
- 1.4 Certain provisions of these Conditions are a summary of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) and talons for further Coupons (“**Talons**”) which form part of each Coupon sheet of the Notes, 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**

**2.1 Definitions**

In these Conditions the following expressions have the following meanings:

“**5-year Mid-Swap Rate**” means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period:

- (i) the annual mid-swap rate for euro swap transactions with a term of five (5) years commencing on the relevant Reset Date, expressed as a percentage, which appears on the Screen Page as of 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date; or
- (ii) if such rate does not appear on the Screen Page at such time on such Reset Rate of Interest Determination Date, the Reset Reference Bank Rate on such Reset Rate of Interest Determination Date;

“**5-year Mid-Swap Quotations**” means 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 which:

- (i) has a term of five (5) years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg (calculated on an Actual/360 day count basis) equivalent to the six (6) month Euribor;

“**Actual/360**” means the actual number of days in the relevant period divided by 360;

“**Additional Amounts**” has the meaning given in Condition 10.1 (*Taxation - Gross up*);

“**Additional Tier 1**” has the meaning given to it (or, if no longer used, any equivalent or successor term) in the Applicable Banking Regulations;

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Italy including, without limitation to the generality of the foregoing, the CRD IV Package and the BRRD, and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (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 of the European Parliament and Council;

“**Approved Reorganization**” means a solvent and voluntary reorganization involving, alone or with others, the Issuer, and whether by way of consolidation, amalgamation, merger, transfer of all or substantially all of its business or assets, or otherwise *provided that* the principal resulting, surviving or transferee entity (a “**Resulting Entity**”) is a banking company and effectively assumes all the obligations of the Issuer, under, or in respect of, the Notes;

“**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 and replaced from time to time;

“**Beneficial Owner**” means any Person owning any beneficial interest in the Notes; it being understood that the term “Beneficial Owner” shall not include any agent or financial intermediary holding an interest in the Notes solely to the extent such interest is held for or on behalf of any Beneficial Owner;

“**Business Day**” means a TARGET Settlement Day;

“**Calculation Agent**” shall have the meaning attributed thereto in Condition 1.3;

“**CET1 Capital**” has the meaning, in respect of either the Issuer on a solo basis or the Group on a consolidated basis (as the case may be), given to it in Article 50 of the CRR complemented by the transitional provisions of Part Ten of the CRR as implemented in Italy, in each case as calculated by the Issuer in accordance with the Applicable Banking Regulations then applicable to the Issuer or the Group (as the case may be), which calculation shall be binding on the Noteholders;

“**CET1 Ratio**” means, at any time, the ratio of CET1 Capital of the Issuer or the Group (as the case may be) as of such date to the Risk Weighted Assets of the Issuer or the Group (as the case may be) as of the same date, expressed as a percentage and, for the avoidance of doubt, on the basis that, save as

specified in the definition of “Risk Weighted Assets”, all measures used in such calculation shall be calculated applying the transitional provisions set out in Part Ten of CRR as implemented in Italy;

“**Circular No. 285**” means Bank of Italy Circular No. 285 of 17 December 2013, as amended, supplemented and integrated from time to time;

“**Consolidated Net Income**” means the consolidated net income of the Group as calculated on a statutory basis and as set out in the most recently published audited annual consolidated financial statements after such financial statements have been formally determined by the board of directors;

“**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 or replaced from time to time;

“**CRD IV Capital Instruments Regulations**” means any regulatory capital rules or regulations introduced by the Relevant Authority or which are otherwise applicable to the Issuer (on a solo or consolidated basis) or the Group, 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 (on a non-consolidated or consolidated basis) to the extent required by (i) the CRD IV or (ii) the CRR;

“**CRD IV Package**” means, jointly, CRR, CRD IV, and CRD IV Capital Instruments Regulations;

“**CRR**” means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 setting out prudential requirements for credit institutions and investment firms, as amended 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**”), “**Actual/Actual (ICMA)**” which 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 normally ending 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 (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;

“**Deed of Covenant**” means the deed of covenant relating to the Notes to be executed by the Issuer on the Issue Date, as amended or supplemented from time to time;

**“Distributable Items”** at any time, shall have the meaning assigned to such term in CRR as interpreted and applied in accordance with the Applicable Banking Regulations then applicable to the Issuer, where “before distributions to holders of own funds instruments” shall be read as a reference to “before distributions to holders of the Notes and to holders of any Parity Securities and Junior Securities constituting Own Funds instruments”;

**“Equal Trigger Loss Absorbing Instrument”** means a Loss Absorbing Instrument that is, or has been, subject to utilization and conversion or utilization and write-down at the Trigger Level;

**“Equal Trigger Temporary Written Down Instruments”** means an Equal Trigger Loss Absorbing Instrument that is, or has been, subject to utilization and write-down on a temporary basis and has an Outstanding Principal Amount that is lower than its Original Principal Amount;

**“Euro-zone”** means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community, as amended;

**“Event of Default”** has the meaning specified in Condition 11 (*Enforcement Event*);

**“Extraordinary Resolution”** has the meaning given in the Agency Agreement;

**“First Reset Date”** means 11 January 2027;

**“Group”** means the Issuer and its Subsidiaries;

**“Higher Trigger Loss Absorbing Instrument”** means a Loss Absorbing Instrument that is, or has been, subject to utilization and conversion into equity or utilization and write-down at a CET1 Ratio that is higher than the Trigger Level;

**“Initial Interest Period”** means the period starting on the Interest Commencement Date until (but excluding) the First Reset Date;

**“Initial Rate of Interest”** has the meaning given to such term in Condition 5.2 (*Interest to (but excluding) the First Reset Date*);

**“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;

**“Interest Payment Date”** means 11 January and 11 July in each year from (and including) 11 July 2017;

**“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;

**“Issue Date”** means 11 January 2017;

**“Italian Banking Act”** means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time;

**“Junior Securities”** means (i) the share capital of the Issuer including its *azioni privilegiate*, ordinary shares and *azioni di risparmio*, (ii) any securities, instruments or obligations of the Issuer (including

*strumenti finanziari* issued under Article 2346 of the Italian Civil Code) ranking, or expressed to rank, *pari passu* with the claims described under (i) above and/or junior to the Notes, and (iii) any securities issued by an institution within the Group (excluding the Issuer) which have the benefit of a guarantee or similar instrument from the Issuer ranking, or expressed to rank, *pari passu* with the claims described under (i) and (ii) above, and/or junior to the Notes;

“**Liquidazione Coatta Amministrativa**” means *Liquidazione Coatta Amministrativa* as described in Articles 80 to 94 of the Italian Banking Act;

“**Loss Absorbing Instrument**” means at any time any instrument (other than the Notes) issued directly or indirectly by the Issuer which at such time (i) qualifies as Additional Tier 1 Capital of the Issuer and (ii) which is subject to utilization and conversion into equity or utilization and write-down (as applicable) of the Outstanding Principal Amount thereof (in accordance with its terms or otherwise) on the occurrence, or as a result, of the CET1 Ratio falling below a specified level;

“**Margin**” means 7.192%, being equal to the margin used to calculate the Initial Rate of Interest;

“**Maximum Distributable Amount**” means any maximum distributable amount relating either to the Issuer and/or the Group (as the case may be) required to be calculated in accordance with Part One, Title II, Chapter 1, Section V of Circular No. 285 transposing or implementing Article 141 of the CRD IV and in accordance with the Applicable Banking Regulations;

“**Maximum Reinstatement Amount**” has the meaning given to such term in Condition 7 (*Loss Absorption Mechanism*);

“**Net Income**” means the non-consolidated net income of the Issuer as calculated on a statutory basis and as set out in the most recently published audited annual financial statements after such financial statements have been formally determined by the shareholders’ meeting;

“**Optional Redemption Date (Call)**” means each of the First Reset Date and any Interest Payment Date thereafter;

“**Original Principal Amount**” means, in respect of a Note, or as the case may be, a Loss Absorbing Instrument, the principal amount of such Note or Loss Absorbing Instrument as of the Issue Date or the issue date of the Loss Absorbing Instrument, as applicable;

“**Outstanding Principal Amount**” means, in respect of a Note or, as the case may be, a Loss Absorbing Instrument, on any date, the Original Principal Amount of such Note or, as the case may be, Loss Absorbing Instrument as reduced from time to time (on one or more occasions) pursuant to a write-down and/or reinstated from time to time (on one or more occasions) pursuant to a reinstatement in each case on or prior to such date;

“**Own Funds**” has the meaning given to it (or, if no longer used, any equivalent or successor term) in the Applicable Banking Regulations;

“**Parity Security**” means (i) any subordinated and undated debt instruments or securities of the Issuer which are recognized as Additional Tier 1 capital of the Issuer, from time to time by the Relevant Authority and (ii) any securities or other obligations of the Issuer which rank, or are expressed to rank, on a voluntary or involuntary liquidation or bankruptcy of the Issuer, *pari passu* with the Notes;

**“Payment Business Day”** means:

- (i) 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
- (ii) in the case of payment by transfer to an account, a TARGET Settlement Day;

**“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;

**“Rate of Interest”** means:

- (a) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or
- (b) in the case of each Interest Period thereafter, the Reset Rate of Interest in respect of such Reset Interest Period,

all as determined by the Calculation Agent in accordance with Condition 5 (*Interest*);

**“Regular Period”** means 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;

**“Regulatory Event”** has the meaning given to such term in Condition 8.3 (*Redemption due to a Regulatory Event*);

**“Reinstatement”** has the meaning given to such term in Condition 7.2(i) (*Reinstatement after write-down*);

**“Reinstatement Amount”** means the amount, subject to the relevant limitations by reference to Maximum Distributable Amount (if any) and Maximum Reinstatement Amount, by which the Outstanding Principal Amount of each Note in effect prior to the relevant Reinstatement, is to be reinstated and written up on the Reinstatement Effective Date on the balance sheet of the Issuer on such date, as specified in the Reinstatement Notice;

**“Reinstatement Effective Date”** means the date on which the Outstanding Principal Amount of each Note is reinstated and written up on the balance sheet of the Issuer (in whole or in part), as specified in the relevant Reinstatement Notice;

**“Reinstatement Notice”** means the notice to be delivered by the Issuer to the Noteholders in accordance with Condition 7.2 (*Loss Absorption Mechanism - Reinstatement*) specifying the Reinstatement Amount and the Reinstatement Effective Date;

**“Relevant Authority”** means the European Central Bank or the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer in the framework of the Single Supervisory Mechanism set out under EU Regulation No. 1024/2013 and in accordance with the Applicable Banking Regulations and/or, as the context may require, the “resolution authority” or the “competent authority” as defined under BRRD and SRM Regulation;

**“Relevant Date”** means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due, and (ii) if the full amount payable has not been received 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;

**“Reserved Matter”** means 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, to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution, to change the provisions contained in Condition 4 (*Status and Subordination of the Notes*) or to amend this definition;

**“Reset Date”** the First Reset Date and each 5-year anniversary date thereafter;

**“Reset Interest Period”** means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date;

**“Reset Rate of Interest”** means, in relation to a Reset Interest Period, the sum of (a) the 5-year Mid-Swap Rate in relation to that Reset Interest Period; and (b) the Margin; such sum converted from an annual basis to a semi-annual basis;

**“Reset Rate of Interest Determination Date”** means, in relation to a Reset Interest Period, the day falling two TARGET Settlement Days prior to the Reset Date on which such Reset Interest Period commences;

**“Reset Reference Bank Rate”** means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, 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 only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the First Reset Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Interest Period or (ii) in the case of the Reset Interest Period commencing on the First Reset Date, 0.708% per annum (being the Initial Rate of Interest less the Margin);

**“Reset Reference Banks”** means six leading swap dealers in the interbank market selected by the Issuer (excluding the Calculation Agent, the Paying Agents or any of their affiliates, the Issuer and any affiliate of the Issuer) in its discretion;

**“Risk Weighted Assets”** means, at any time, the aggregate amount of the risk weighted assets of the Issuer on a solo basis or the Group on a consolidated basis (as the case may be) as of such date, as calculated by the Issuer in accordance with the Applicable Banking Regulations then applicable to the Issuer or the Group (as the case may be), which calculation shall be binding on the Noteholders. For

the purposes of this definition, the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated by the Issuer in accordance with the Applicable Banking Regulations then applicable to the Issuer or the Group (as the case may be), and for avoidance of doubt, shall exclude the Basel 1 transitional calculation calculated in accordance with Article 500(1) of the CRR;

“**Screen Page**” means Reuters screen “ICESWAP2” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

“**Specified Office**” has the meaning given in the Agency Agreement;

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

“**Subordinated Indebtedness**” means any obligation of the Issuer whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of liquidation or bankruptcy of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer;

“**Subsidiary**” means a *società controllata*, as defined in Article 2359, first and second paragraphs of the Italian Civil Code;

“**TARGET**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

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

“**Tax Event**” has the meaning given to such term in Condition 8.4 (*Redemption for tax reasons*);

“**Tier 1 Capital**” has the meaning given to it (or, if no longer used, any equivalent or successor term) in the Applicable Banking Regulations;

“**Tier 2 Capital**” has the meaning given to it (or, if no longer used, any equivalent or successor term) in the Applicable Banking Regulations;

“**Treaty**” means the Treaty establishing the European Communities, as amended;

a “**Trigger Event**” means, at any time, that the CET1 Ratio of either the Issuer on a solo basis, or the Group on a consolidated basis (as the case may be) on such date is less than the Trigger Level. Whether a Trigger Event has occurred at any time shall be determined by the Issuer, the Relevant Authority or any agent appointed for such purpose by the Relevant Authority and such calculation shall be binding on the holders of the Notes;

“**Trigger Level**” means 5.125%;



**“Write-Down Amount”** means the amount by which the Outstanding Principal Amount of each Note is to be written down with effect as from the Write-Down Effective Date, which shall be:

- (i) the amount (together with the write-down on a *pro rata* basis of the other Notes of the same series and any utilization and conversion into equity or utilization and write-down, on a *pro rata* basis, of other Loss Absorbing Instruments that fell below the applicable trigger level of such instrument) that would be sufficient to restore the CET1 Ratio of both the Issuer and the Group to the Trigger Level, as applicable; or
- (ii) if that write-down (together with the write-down on a *pro rata* basis of the other Notes of the same series and any utilization and conversion into equity or utilization and write-down, on a *pro rata* basis, of any other Loss Absorbing Instruments that fell below the applicable trigger level of such instrument) would be insufficient to restore the CET1 Ratio to the Trigger Level, or the CET1 Ratio is not capable of being so restored, the amount necessary to reduce the Outstanding Principal Amount of such Note to the smallest unit of such Note (currently one cent), as determined by the Applicable Banking Regulations,

provided that, for the avoidance of doubt, with respect to any other Higher Trigger Loss Absorbing Instruments, such *pro rata* write-down or conversion shall only be taken into account to the extent required to restore the CET1 Ratio to the Trigger Level; and

provided further that any Loss Absorbing Instrument that may be written down or converted to equity in full but not in part (save for any once cent floor) shall be treated as if its terms permitted partial write-down or conversion into equity, only for the purposes of determining the relevant *pro rata* amounts in the operation of write-down and calculation of the Write-Down Amount;

**“Write-Down Effective Date”** means the date on which the write-down shall take place, or has taken place, as applicable; and

**“Write-Down Procedure”** means the procedures set out in Condition 7 (*Loss Absorption Mechanism*).

## 2.2 Interpretation

In these Conditions:

- (i) any reference to principal shall be deemed to include the Outstanding Principal Amount of the Notes, any Additional Amounts, and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) reference to interest shall be deemed to include any Additional Amounts and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement; and
- (iv) references to “Coupons” shall, unless the context otherwise requires, be deemed to include a reference to Talons.

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

The Notes are in bearer form in denominations of €200,000 and integral multiples of €1,000 in excess thereof, up to (and including) €399,000, with Coupons and Talons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

### 4. **STATUS AND SUBORDINATION OF THE NOTES**

#### 4.1 **Status of the Notes**

- (i) The Notes constitute and will constitute unsecured, subordinated obligations of the Issuer.

In the event of the voluntary or involuntary liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, the rights of the holders of the Notes to payments of the then Outstanding Principal Amount (as reduced by any relevant Write-Down Amount in respect of a Trigger Event which has occurred but in respect of which the Write-Down Effective Date has not yet occurred, if any) of the Notes and any other amounts in respect of the Notes (including any accrued and uncanceled interest or damages awarded for breach of any obligations under these Conditions, if any are payable), will rank:

- (A) *pari passu* without any preference among the Notes;
- (B) at least *pari passu* with payments to holders of present or future outstanding Parity Securities of the Issuer;
- (C) in priority to payments to holders of present or future outstanding Junior Securities of the Issuer; and
- (D) junior in right of payment to the payment of any present or future claims of (x) depositors of the Issuer, (y) other unsubordinated creditors of the Issuer, and (z) subordinated creditors of the Issuer in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities) including, without limitation, any subordinated notes intended to qualify as Tier 2 Capital.

- (ii) **General**

No Noteholder to whom the Issuer is indebted in the event of the liquidation or bankruptcy of the Issuer shall be entitled to exercise any right of set-off or counterclaim against amounts owed to it by the Issuer in respect of the Notes held by it.

- (iii) **Loss Absorption Requirement**

The Notes (including, for the avoidance of doubt, payments of principal and/or interest) may be subject to full or partial write-down of the principal or conversion into common equity Tier 1 instruments (the "**Loss Absorption Requirement**"), as required under BRRD and/or SRM Regulation, in accordance with the powers of the Relevant Authority if the Relevant Authority determines that

application of the Loss Absorption Requirement to the Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

## 5. INTEREST

### 5.1 Accrual of interest

The Notes bear interest on their Outstanding Principal Amount, on a non-cumulative basis, at the relevant Rate of Interest from and including the Interest Commencement Date, payable, subject as provided in these Conditions, semi-annually in arrears on each Interest Payment Date. The first interest payment shall be made on 11 July 2017 in respect of the period from (and including) the Issue Date to (but excluding) 11 July 2017.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Outstanding Principal Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgement) until whichever is the earlier of:

- (a) 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
- (b) the day which is seven (7) days after the Fiscal Agent has notified the Noteholders in accordance with Condition 17 (*Notices*) 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).

### 5.2 Interest to (but excluding) the First Reset Date

The Rate of Interest for each Interest Period falling in the Initial Interest Period will be 7.75% per annum (the "**Initial Rate of Interest**"), being the rate that is equal to the sum of the interpolated mid-swap rate for euro swap transactions with a term of five (5) years commencing on the Issue Date plus the Margin.

### 5.3 Interest from (and including) the First Reset Date

The Rate of Interest for each Interest Period from (and including) the First Reset Date will be the relevant Reset Rate of Interest in respect of the Reset Interest Period in which such Interest Period falls, as determined by the Calculation Agent.

### 5.4 Determination of Reset Rate of Interest in relation to a Reset Interest Period

The Calculation Agent will, as soon as reasonably practicable after 11:00 a.m. (Central European time) on each Reset Rate of Interest Determination Date in relation to a Reset Interest Period, determine the Reset Rate of Interest for such Reset Interest Period.

### 5.5 Publication of Reset Rate of Interest

With respect to each Reset Interest Period, the Calculation Agent will cause the relevant Reset Rate of Interest to be notified to the Issuer, the Fiscal Agent (if not the Calculation Agent) and 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 to be published in accordance with Condition 17

(*Notices*) as soon as reasonably practicable after such determination but in any event not later than the relevant Reset Date. The Reset Rate of Interest so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustments) in the event of manifest error.

## 5.6 **Calculation of Interest Amount**

Subject to Condition 6 (*Interest Cancellation*) and Condition 9 (*Payments*), the Interest Amount payable in respect of each Note for each Interest Period will be calculated by the Calculation Agent by applying the Rate of Interest to the Outstanding Principal Amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 5.7 **Notifications etc.**

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

## 6. **INTEREST CANCELLATION**

### 6.1 **Discretionary interest payments**

Interest on the Notes will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) for an unlimited period and on a non-cumulative basis any interest payment that would otherwise be payable on any Interest Payment Date. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable. Any and all interest payments shall be paid out of Distributable Items.

If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

### 6.2 **Restriction on interest payments**

6.2.1 Without prejudice to (i) full discretion of the Issuer to cancel interest payments on the Notes; and (ii) the prohibition to make payments on Additional Tier 1 instruments pursuant to Part One, Title II, Chapter 1, Section V of Circular No. 285 implementing Article 141(2) of CRD IV before the Maximum Distributable Amount (in circumstances where limitation on distributions by reference to Maximum Distributable Amount applies) is calculated:

- (i) subject to the extent permitted in Condition 6.2.2 below, the Issuer shall not make an interest payment on the Notes on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date), and shall not pay any Additional Amounts in respect of such interest payment, if the Issuer has an amount of Distributable Items on such Interest Payment Date that is less than the sum of all distributions or interest payments on the Notes and all other Own Funds instruments (including any Additional Amounts in respect thereof but excluding - for the avoidance of doubt - any such distributions or interest payments on Tier 2 Capital instruments which have already been accounted for, by way of deduction, in the calculation of Distributable Items) plus any potential write-ups, in each case paid and/or scheduled to be paid in the then current financial year;
- (ii) subject to the extent permitted in Condition 6.2.2 below, in circumstances where limitation on distributions by reference to Maximum Distributable Amount applies, no payments will be made on the Notes (whether by way of principal, interest, or otherwise) if and to the extent that such payment - when aggregated with other distributions of the kind referred to in Article 141(2) of CRD IV (or, as the case may be, any provision of Italian law transposing or implementing such article, including Circular No. 285) and the amount of any write-ups, where applicable - would cause the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group (as the case may be) to be exceeded; or
- (iii) the Issuer shall not make an interest payment on the Notes on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date), if and to the extent that the Relevant Authority orders the Issuer to cancel the relevant interest payment on the Notes (in whole or in part) scheduled to be paid.

6.2.2 The Issuer may, in its sole discretion, elect to make a partial or full interest payment on the Notes on any Interest Payment Date, only to the extent that such partial or full interest payment may be made without breaching the restrictions set out in sub-paragraphs (i) (ii) and (iii) of Condition 6.2.1 above.

### 6.3 **Effect of interest cancellation**

Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with this Condition 6. Any interest cancelled (in each case, in whole or in part) in such circumstances shall not be due and shall not accumulate or be payable at any time thereafter nor constitute an Event of Default under Condition 11 (*Enforcement Event*), and Noteholders shall have no rights thereto whether in a bankruptcy or liquidation of the Issuer or otherwise or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation. Any such cancellation of interest imposes no restrictions on the Issuer. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

### 6.4 **Notice of interest cancellation**

If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) to the Noteholders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five (5) Business Days prior to the relevant Interest Payment Date. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment on the Notes that will be paid on the relevant Interest

Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Noteholders any rights as a result of such failure.

#### 6.5 **Interest Amount in case of Write-Down**

Subject to Condition 6.1 (*Discretionary interest payments*) and Condition 6.2 above (*Restriction on interest payments*), following a write-down, other than rights to Reinstatement as applicable to the Notes, no Noteholder will have any rights against the Issuer with respect to the payment of interest on any principal amount that has been so written down, and the interest on the Write-Down Amount for the Interest Period ending on the Interest Payment Date following such write-down shall be deemed to have been cancelled (without further action from the Issuer) and shall not be due and payable.

Furthermore, any interest on any principal amount that is to be written down on the relevant Write-Down Effective Date, in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the Write-Down Effective Date shall be automatically cancelled (without further action from the Issuer and even if no notice has been given to that effect) upon the occurrence of such Trigger Event and shall not be due and payable. To the extent it is not possible to determine, on such Interest Payment Date, the interest amount that is to be cancelled pursuant to this Condition 6.5 and therefore, the amount of interest due and payable (subject to these Conditions), if any, on such Interest Payment Date, the Issuer may, at its discretion, postpone the payment of interest to a date not later than the Write-Down Effective Date (and Noteholders shall not be entitled to any further interest or other payment in respect of such delay).

Following the Write-Down Effective Date, interest payments due on the next following Interest Payment Date, if any, shall (in the absence of any Reinstatement) be calculated based on the Outstanding Principal Amount on the last day of the Interest Period ending on (but excluding) such Interest Payment Date.

#### 6.6 **Interest Amount in case of Reinstatement**

Subject to Condition 6.1 (*Discretionary interest payments*) and Condition 6.2 above (*Restriction on interest payments*), in the event that one or more Reinstatement(s) occur(s) during an Interest Period, any Interest Amount payable on the Interest Payment Date immediately following such Reinstatement(s) shall be calculated by determining the amount of interest accrued on the Notes for each period (ending on the date on which a Reinstatement occurs) within such Interest Period during which a different Outstanding Principal Amount subsists (for the purpose of this Condition 6.6, a “**Relevant Period**”), which shall be the product of (x) the applicable Rate of Interest, (y) the Outstanding Principal Amount before such Reinstatement, and (z) the Day Count Fraction (determined as if the Calculation Period ended on, but excluding, the date of such Reinstatement); and the Interest Amount payable – subject to these Conditions – for such Interest Period shall be the aggregate of the amounts of accrued interest calculated as aforesaid for all Relevant Periods.

### 7. **LOSS ABSORPTION MECHANISM**

#### 7.1 **Write-down**

##### (i) *Write-down upon Trigger Event*

If a Trigger Event has occurred at any time, then the Issuer shall write down the Outstanding Principal Amount of each Note (in whole or in part, as applicable) with effect as from the Write-Down Effective Date in accordance with the Write-Down Procedure. The write-down shall occur without undue delay (and within one month or such shorter period as the Relevant Authority may require at the latest) upon the occurrence of a Trigger Event.

With effect as from the Write-Down Effective Date, the Issuer shall write down the principal amount of each Note equal to the relevant Write-Down Amount of each Note by writing down the Outstanding Principal Amount of each Note by the relevant Write-Down Amount.

Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the Relevant Authority and shall deliver to the Noteholders a notice in accordance with Condition 17 (*Notices*) specifying (x) that a Trigger Event has occurred and (y) the Write-Down Effective Date or expected Write-Down Effective Date. Following a write-down, other than rights to Reinstatement as applicable to the Notes in accordance with Condition 7.2 (*Reinstatement*) below, no Noteholder will have any rights against the Issuer with respect to the repayment of any principal amount to the extent so written down or any other amount on or in respect of any principal amount that has been so written down.

A Trigger Event may occur on more than one occasion and the Outstanding Principal Amount of each Note may be written down on more than one occasion provided that the Outstanding Principal Amount of a Note may never be reduced to below the smallest unit of such Note (currently one cent), as determined by the Applicable Banking Regulations.

The requirement in this Condition 7 that a write down of the Notes shall be effected *pro-rata* with the write-down or conversion into equity (as the case may be) of other Loss Absorbing Instruments shall not be construed as requiring the Notes to be written-down to one cent simply by virtue of the fact that other Loss Absorbing Instruments with terms prescribing full write-down (if any) will be written down or converted in full.

Any write-down of a Note shall not constitute an Event of Default or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever and shall not, of itself, entitle Noteholders to petition for the insolvency or dissolution of the Issuer or otherwise. To the extent the write-down or conversion into equity of any Loss Absorbing Instrument is not, or within one month (or such shorter period as the Relevant Authority may require) from the determination that the relevant Trigger Event has occurred will not be, effective for any reason (i) the ineffectiveness of such write-down or conversion into equity shall not prejudice the requirement to effect a write-down of the Notes pursuant to this Condition 7 and (ii) the write-down or conversion into equity of any Loss Absorbing Instrument which is not, or within one month (or such shorter period as the Relevant Authority may require) from the determination that the relevant trigger event has occurred will not be, effective shall not be taken into account in determining such write-down on the Notes.

(ii) *Write-Down Procedure*

Write-down notice

If a Trigger Event has occurred, the Issuer shall deliver a write-down notice to the Noteholders at the later of (a) 5 Business Days after the Trigger Event; and (b) as soon as commercially practicable after such Trigger Event, provided that failure to provide a notice shall not prevent the write-down of the Notes on the Write-Down Effective Date.

The write-down notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on the Noteholders.

## 7.2 Reinstatement

### (i) *Reinstatement after write-down*

If a positive Net Income and a positive Consolidated Net Income is recorded at any time while the Outstanding Principal Amount of the Notes is less than their Original Principal Amount, the Issuer may, at its sole and absolute discretion, reinstate and write up the Outstanding Principal Amount of the Notes in whole or in part in accordance with the reinstatement procedure (a “**Reinstatement**”). There shall be no obligation for the Issuer to operate or accelerate a Reinstatement under any specific circumstances.

A Reinstatement may occur on more than one occasion provided that the Outstanding Principal Amount of a Note never exceeds its Original Principal Amount. No Reinstatement may take place if (x) a Trigger Event has occurred, but a write-down has not yet occurred with respect to such Trigger Event, (y) a Trigger Event has occurred in respect of which write-down has occurred but the CET1 Capital ratios of both the Issuer and the Group, as applicable, have not been restored to, or above, the Trigger Level or (z) the Reinstatement (either alone or together with all simultaneous reinstatements of other Loss Absorbing Instruments) would cause a Trigger Event to occur.

### (ii) *Reinstatement on a pro rata basis*

The Issuer shall not reinstate any of the Outstanding Principal Amount of any Loss Absorbing Instruments which have been written down and that have terms permitting a reinstatement on a basis substantially similar to that set out in this Condition 7.2 unless (a) any reinstatement of Higher Trigger Loss Absorbing Instrument is simultaneous with, or preceded by, a Reinstatement of the Notes to their Original Principal Amount; and (b) any reinstatement of Equal Trigger Temporary Written Down Instruments is made on a *pro rata* basis (based on the then prevailing Outstanding Principal Amount thereof) with a Reinstatement of the Outstanding Principal Amount of each Note.

### (iii) *Reinstatement procedure*

#### Reinstatement Notice

If the Issuer exercises such discretion to effect a Reinstatement it shall give notice thereof to Noteholders specifying the Reinstatement Amount and the Reinstatement Effective Date (the “**Reinstatement Notice**”).

#### Reinstatement Amount

The Reinstatement Amount shall be set by the Issuer at its discretion, save that it is subject to limitations by reference to the Maximum Reinstatement Amount (as defined below) for the financial year in which such Reinstatement takes place.

Any Reinstatement of the Notes shall - when aggregated together with the reinstatement of the Outstanding Principal Amount of all other written down Loss Absorbing Instruments of the Issuer and/or the Group constituting Additional Tier 1 Capital, payments of interest or distributions in respect of the Notes and of such written down instruments and any other distributions of the kind



referred to in Article 141(2) of CRD IV (or, as the case may be, any provision of Italian law transposing or implementing such article, including Circular No. 285) - be limited to the extent necessary to ensure the Maximum Distributable Amount (if any) is not exceeded thereby, in circumstances where limitation on distributions by reference to Maximum Distributable Amount applies.

Any reinstatement of the principal amount of the Additional Tier 1 instruments that have been subject to a write-down of the Issuer or, in the case of any reinstatement by reference to the Consolidated Net Income, of the Group (including the Notes) - together with the payment of interest payments or distributions in respect of such written down instruments that were calculated or paid on the basis of an outstanding principal amount that is lower than their principal amount upon issuance at any time after the end of the then previous financial year - may not exceed the reinstatement limit pursuant to the Applicable Banking Regulations (the “**Maximum Reinstatement Amount**”), which is equal to the lower of: (x) Net Income *multiplied* by the ratio of (i) the Original Principal Amount of all outstanding Additional Tier 1 instruments of the Issuer where the principal amount of such Additional Tier 1 instruments has been reduced, *divided* by (ii) the total Tier 1 Capital of the Issuer; and (y) Consolidated Net Income multiplied by the ratio of (i) the Original Principal Amount of all outstanding Additional Tier 1 instruments of the Group where the principal amount of such Additional Tier 1 instruments has been reduced, *divided* by (ii) the total Tier 1 Capital of the Group, in each case, converted (where appropriate) in Euro and calculated at the date of the relevant Reinstatement.

#### Effecting the Reinstatement

On the Reinstatement Effective Date and subject to the prior consent of the Relevant Authority (to the extent such consent is required by the Applicable Banking Regulations), the Issuer may (x) cause the Outstanding Principal Amount of each Note to be reinstated and written up by an amount equal to the relevant Reinstatement Amount on a *pro rata* basis with the other Notes and (y) procure that the Outstanding Principal Amount of each security forming part of a series of Equal Trigger Temporary Written Down Instruments is, or has been, reinstated and written up on a *pro rata* basis (based on the then prevailing Outstanding Principal Amount thereof) with the Outstanding Principal Amount of each Note.

## 8. REDEMPTION AND PURCHASE

### 8.1 No fixed redemption

The Notes have no fixed redemption date.

The Notes shall become immediately due and payable only in case voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, in accordance with, as the case may be, (i) a resolution passed at a shareholders' meeting of the Issuer, (ii) any provision of the By-laws of the Issuer (which, as at 9 January 2017 provide for the duration of the Issuer to expire on 31 December 2100, but if such expiry date is extended, redemption of the Notes will be correspondingly adjusted), or (iii) any applicable legal provision, or any decision of any judicial or administrative authority. The Notes may not be redeemed at the option of the Issuer except in accordance with the provisions of this Condition 8. The Notes may not be redeemed at the option of the Noteholders.

## 8.2 Redemption at the option of the Issuer

The Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to the prior approval of the Relevant Authority, on any Optional Redemption Date (Call) at their Outstanding Principal Amount together with interest accrued (if any and excluding any interest cancelled in accordance with Condition 6 (*Interest Cancellation*)) up to, but excluding, the date fixed for redemption on the Issuer's giving not less than 15 but not more than 30 days' notice to the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall - subject to the provisions of Condition 8.9 (*Trigger Event post redemption notice*) and Condition 8.10 (*No redemption notice post Trigger Event*) - be irrevocable).

## 8.3 Redemption due to a Regulatory Event

The Issuer may redeem the Notes, in whole but not in part (but subject to the prior approval of the Relevant Authority), at their Outstanding Principal Amount, together with any accrued but unpaid interest to the date fixed for redemption (excluding any interest cancelled in accordance with Condition 6 (*Interest Cancellation*)), at any time following the occurrence of a Regulatory Event provided that (to the extent required by applicable law or regulation):

- (i) the Issuer has given not less than 30 nor more than 60 days' notice to the Noteholders (such notice shall - subject to the provisions of Condition 8.9 (*Trigger Event post redemption notice*) and Condition 8.10 (*No redemption notice post Trigger Event*) - be irrevocable) specifying the date fixed for such redemption; and
- (ii) the circumstance that entitles the Issuer to exercise this right of redemption of the Notes was not reasonably foreseeable at the relevant Issue Date.

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

Upon the expiry of such notice period specified above, the Issuer shall - subject to the provisions of Condition 8.9 (*Trigger Event post redemption notice*) and Condition 8.10 (*No redemption notice post Trigger Event*) - be bound to redeem the Notes accordingly.

## 8.4 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole or in part (but subject to the prior approval of the Relevant Authority) at any time on giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 17 (*Notices*), at their Outstanding Principal Amount, together with interest accrued (if any and excluding any interest cancelled in accordance with Condition 6 (*Interest Cancellation*)) to the date fixed for redemption, if:

- (i) the Issuer (a) has or will become obliged to pay additional amounts on the occasion of the next payment of interest due in respect of the Notes as provided or referred to in Condition 10

(*Taxation*) or (b) has or will lose the ability to deduct the interest payable on the Notes from its taxable income, 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 or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment (such change or amendment, prior to the fifth anniversary of the Issue Date, if and to the extent then required under Applicable Banking Regulations, being material and not reasonably foreseeable at the Issue Date as shall be demonstrated by the Issuer to the satisfaction of the Relevant Authority) becomes effective on or after the Issue Date (such occurrence, a “**Tax Event**”); and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided that any such redemption is subject to the provisions of Condition 8.9 (Trigger Event post redemption notice) and Condition 8.10 (No redemption notice post Trigger Event).*

At least 15 days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (i) a certificate signed by two duly authorized officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the circumstance that entitle the Issuer to redeem have occurred and (ii) an opinion of independent legal advisers of recognized standing to the effect that such circumstances prevail (and such evidence and opinion shall be sufficient to the Fiscal Agent and conclusive and binding on the Noteholders).

Upon the expiry of any such notice as is referred to in this Condition 8.4, the Issuer shall - subject to the provisions of Condition 8.9 (*Trigger Event post redemption notice*) and Condition 8.10 (*No redemption notice post Trigger Event*) - be bound to redeem the Notes in accordance with this Condition 8.4.

#### **8.5 No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 8.2 (*Redemption at the option of the Issuer*), 8.3 (*Redemption due to a Regulatory Event*) and 8.4 (*Redemption for tax reasons*) or upon maturity.

#### **8.6 Purchase**

The Issuer or any of its Subsidiaries may purchase Notes in the open market or otherwise and at any price, provided (*inter alia*) that: (A) all unmatured Coupons are purchased therewith; and (B) any purchase for market-making purposes are made in accordance with the paragraph below. Such Notes may be held, resold or, at the option of the purchaser, surrendered for cancellation. Any such purchase of the Notes is subject to consent of the Relevant Authority and in compliance with Applicable Banking Regulations.

In particular, the Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market-making purposes, provided that: (a) prior written approval of the Relevant Authority shall be obtained where required; and (b) the total principal amount of the Notes so purchased does not exceed the predetermined amount permitted to be purchased for market-making purposes under Applicable Banking Regulations (such predetermined amount not to exceed the limits set forth in Article 29(3)(b) of Commission Delegated Regulation (EU) 241/2014).

## 8.7 **Conditions to redemption and purchase**

Any redemption or purchase of the Notes is subject to the prior approval of the Relevant Authority. In accordance with Article 78(1) of the CRR, the Relevant Authority shall grant permission to redeem or purchase the Notes where either of the following conditions is met:

- (a) on or before such redemption or purchase, the Issuer replaces the relevant Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity; or
- (b) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds would, following the redemption or purchase, exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in Part One, Title II, Chapter 1, Section I of Circular No. 285 transposing point (6) of Article 128 of the CRD IV by a margin that the Relevant Authority considers necessary on the basis of Part One, Title III, Chapter 1, Section III of Circular No. 285 transposing Article 104(3) of the CRD IV.

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

## 8.8 **Cancellation**

All Notes redeemed or purchased and surrendered for cancellation as aforesaid will be cancelled forthwith, together with all unmatured Coupons attached thereto or surrendered or purchased therewith, and may not be resold or reissued.

## 8.9 **Trigger Event post redemption notice**

If the Issuer has elected to redeem the Notes in accordance with the aforementioned provisions of this Condition 8 but prior to the payment of the redemption amount with respect to such redemption, a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and write-down shall apply in accordance with Condition 7 (*Loss Absorption Mechanism*).

## 8.10 **No redemption notice post Trigger Event**

The Issuer shall not give a redemption notice in accordance with the aforementioned provisions of this Condition 8 after a Trigger Event occurs and has not been remedied.

## 9. **PAYMENTS**

### 9.1 **Principal**

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of the Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in the Eurozone.

## 9.2 **Interest**

Payments of interest shall, subject to Condition 9.6 (*Payments other than in respect of matured Coupons*), 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 Condition 9.1 (*Principal*).

## 9.3 **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

## 9.4 **Unmatured Coupons void**

On the due date for redemption in whole of any Note pursuant to Condition 8.2 (*Redemption at the option of the Issuer*), Condition 8.3 (*Redemption due to a Regulatory Event*) or Condition 8.4 (*Redemption for tax reasons*), all unmaturing Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

## 9.5 **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.

## 9.6 **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.

## 9.7 **Partial payments**

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

## 9.8 **Exchange of Talons**

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

## 10. TAXATION

### 10.1 Gross up

All payments of principal 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 whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision 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. In that event, the Issuer shall – to the extent that this would not exceed the Distributable Items – pay such additional amounts (“**Additional Amounts**”) on interests, premium and other income from the Notes (but not principal or any other amount) as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) for or on account of *Imposta Sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended, (the “**Legislative Decree No. 239**”) or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 (as amended by Italian Legislative Decree No. 201 of 16 June 1998) (as any of the same may be amended or supplemented) or any related implementing regulations and in all circumstances in which the procedures set forth in Legislative Decree No. 239 in order to benefit from a tax exemption have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (ii) with respect to any Notes or Coupons presented for payment:
  - (A) in the Republic of Italy; or
  - (B) by or on behalf of a Noteholder or Couponholder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or
  - (C) by or on behalf of a Noteholder or Couponholder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so; or
  - (D) more than 30 days after the Relevant Date except to the extent that the Noteholder or the Couponholder would have been entitled to an additional amount on presenting such Note or Coupon for payment on such thirtieth day assuming that day to have been a Business Day; or
  - (E) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy; or

- (F) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30 September 1983, as amended and supplemented from time to time.

## 10.2 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 the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the US Internal Revenue Code of 1986 as amended (the "**Code**"), any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

## 11. ENFORCEMENT EVENT

In the event of the voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, inter alia, *Liquidazione Coatta Amministrativa*) of the Issuer, otherwise than for the purpose of an Approved Reorganization or on terms previously approved by the Noteholders (an "**Event of Default**"), the Notes shall become immediately due and payable.

The rights of the Noteholders and the Couponholders in the event of a winding up, dissolution, liquidation or bankruptcy of the Issuer will be calculated on the basis of the Outstanding Principal Amount of the Notes, plus any accrued interest (excluding any interest cancelled in accordance with Condition 6 (*Interest Cancellation*)) and any Additional Amounts due pursuant to Condition 10 (*Taxation*). No payments will be made to the Noteholders or Couponholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders and the Couponholders as described in Condition 4.1 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

## 12. 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.

## 13. REPLACEMENT OF NOTES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent 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 competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent 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 or Coupons must be surrendered before replacements will be issued.

#### 14. **PAYING AGENTS**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, 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 of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. 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;
- (b) the Issuer undertakes that it will ensure that it maintains a paying agent (i) outside the Republic of Italy, and (ii) in a Member State of the European Union who is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (c) the Issuer shall at all times maintain a calculation agent;
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent 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 competent authority, stock exchange and/or quotation system; and
- (e) there will at all times be a paying agent in a jurisdiction, other than the jurisdiction in which the Issuer is incorporated.

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

#### 15. **MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

##### 15.1 **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 two or more Persons holding or representing more than one half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two 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 two 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.

#### 15.2 **Modification and waiver**

The Conditions may not be amended without the prior approval of the Relevant Authority (if applicable). The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Coupons or the Agency Agreement which is (a) to cure or correct any ambiguity or defective or inconsistent provision contained therein, or which is of a formal, minor or technical nature, or (b) in the sole opinion of the Issuer, not prejudicial to the interests of the Noteholders and/or Couponholders (provided the proposed modification does not relate to a matter in respect of which an Extraordinary Resolution would be required if a meeting of Noteholders were held to consider such modification) or (c) to correct a manifest error or (d) to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders and Couponholders and shall be notified to the Noteholders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

#### 15.3 **Modification or Substitution following a Regulatory Event or a Tax Event, or to align with best practice**

If at any time a Tax Event or a Regulatory Event occurs, or in order to align these terms and conditions to best practices published from time to time by the European Banking Authority resulting from its monitoring activities pursuant to Article 80 of the CRR, then the Issuer may, subject to giving any notice required to, and receiving any consent required from, the Relevant Authority, if so required, (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable, except if a Trigger Event occurs, the relevant notice shall be automatically rescinded and shall be of no force and effect and write-down shall apply in accordance with Condition 7 (*Loss Absorption Mechanism*)), at any time either substitute all (but not some only) of the Notes, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities or otherwise provide the Issuer with a right of redemption pursuant to the provisions of the Notes.

For the purpose of this Condition 15.3, "**Qualifying Securities**" means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to the Noteholders, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing which is independent of the Group, than the terms of the Notes, and they shall also (A) contain terms such that they comply with the minimum requirements under the Applicable Banking Regulations for inclusion in the Tier 1 Capital of the Issuer or the Group (as

applicable); (B) provide for a ranking at least equal to that of the Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes; (D) have the same redemption rights as the Notes; (E) preserve any existing rights under the 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 substitution or variation; and (F) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Notes immediately prior to such variation or substitution; and

(ii) are listed on a recognized stock exchange if the Notes were listed immediately prior to such variation or substitution.

#### 16. 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 first payment of interest) so as to form a single series with the Notes.

#### 17. NOTICES

Notices to the Noteholders shall be valid if published (i) in a leading English language daily newspaper published in London (which is expected to be the Financial Times)(ii) if the Notes are at the relevant time listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or, in each of the above cases, 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 shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### 18. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of: (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal, or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, 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.

## 19. **ROUNDING**

For the purposes of any calculations referred to in these Conditions, 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.).

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

### 20.1 **Governing law**

The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that the subordination and loss absorption provisions described in Condition 4 (*Status and Subordination of the Notes*) and any non-contractual obligations arising out of or in connection with such provisions, shall be governed by the laws of the Republic of Italy.

### 20.2 **Jurisdiction**

The Issuer agrees for the benefit of the Noteholders that the courts of England are to have jurisdiction to hear and determine any suit, action or proceedings and to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the foregoing) (respectively "**Proceedings**" and "**Disputes**") and for such purposes have irrevocably submitted to the non-exclusive jurisdiction of such courts.

### 20.3 **Appropriate forum**

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

### 20.4 **Non-exclusivity**

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether currently or not) if and to the extent permitted by law.

### 20.5 **Service of Process**

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 the Issuer at 90 Queen Street, Mansion House, London EC4N 1SA, United Kingdom, or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Parts 34 and 37 of the Companies Act 2006. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

## 21. **ACKNOWLEDGEMENT OF THE ITALIAN BAIL-IN POWER**

21.1 Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder, and without prejudice to Article 55(1) of the

BRRD, by its acquisition of the Notes each holder (which, for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effects of the exercise of the Italian Bail-in Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof: (i) 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; (ii) 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; (iii) 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 (iv) 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 becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Italian Bail-in Power by the Relevant Authority.

The exercise of the Italian Bail-in Power by the Relevant Authority shall not constitute a default or an Event of Default and these Conditions shall remain in full force and effect save as varied by the Relevant Authority in accordance with this Condition 21.

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

**“Italian Bail-in Power”** means any write-down, conversion, transfer, modification, or suspension power whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group entities, existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, including those relating to (i) the transposition of the BRRD (including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time; and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period);

**“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 and replaced from time to time.

21.2 The provisions of this Condition 21 shall be governed by Italian law.