

OFFERING CIRCULAR



MB FUNDING LUX S.A.

(a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with registered office at 6, Rue Eugène Ruppert, L-2453 Luxembourg and duly registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B209165)

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

(a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with registered office at 4, Boulevard Joseph II, L - 1840 Luxembourg, Grand Duchy of Luxembourg and duly registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 112885)

NOTE PROGRAMME

FOR THE ISSUE OF NOTES WHICH WILL BE GUARANTEED BY

MEDIOBANCA – BANCA DI CREDITO FINANZIARIO S.p.A.

(a company limited by shares under Italian law)

Under this Note Programme (the **Programme**), MB Funding Lux S.A (**MBFL**) and Mediobanca International (Luxembourg) S.A. (**Mediobanca International**) (each an **Issuer** and together the **Issuers**) may from time to time issue Notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined herein). This Offering Circular supersedes and replaces in its entirety the Offering Circular dated 29 January 2018. Any Notes issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions herein. This does not affect any Notes issued prior to the date of this Offering Circular.

The payment and/or delivery obligations under the Notes of each Issuer will be unconditionally and irrevocably guaranteed by Mediobanca - Banca di Credito Finanziario S.p.A. (**Mediobanca** or the **Guarantor**).

If the Notes are Secured Notes, as specified in the applicable Pricing Supplement, in order to secure its obligations under the **Notes**, the relevant Issuer will grant to BNP Paribas Trust Corporation UK Limited, as security trustee (the **Security Trustee**) on behalf of holders of Secured Notes (**Securityholders**), security over certain collateral (the **Collateral Assets**), as well as its rights in respect of any Charged Agreement, any Additional Charged Agreement and the Agency Agreement as described in the following paragraph. If the Notes are Unsecured Notes such security will not be granted.

The Pricing Supplement may specify that (a) Charged Agreement/Collateral Arrangements apply to the Notes or (b) Collateral Arrangements Only apply to the Notes. In the case of the Charged Agreement/Collateral Arrangements, the Pricing Supplement will specify details of the Charged Agreement(s) under which the relevant Issuer and the specified Counterparty will have payment and/or delivery obligations from time to time and this may lead to adjustments to the Collateral Assets from time to time. The Charged Agreement(s) may comprise a Transfer Agreement and a Credit Support Document specified in the Pricing Supplement. In the case of Collateral Arrangements Only, the relevant Issuer may have the right or obligation to adjust the Collateral Assets from time to time but there will be no Charged Agreement unless otherwise specified in the Pricing Supplement.

The maximum aggregate nominal amount of Notes issued by both Issuers together and from time to time outstanding under the Programme will not exceed EUR 5,000,000,000 subject to increase in accordance with the terms of the Programme Agreement.

Application has been made to the Luxembourg Stock Exchange in its capacity as the market operator of the Euro MTF Market under the Luxembourg act dated 16 July 2019 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to list Notes issued under the Programme on the Euro MTF Market for a period of 12 months from the date of this Offering Circular. Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, the issue date and maturity date of, and any other terms and conditions not contained herein which are applicable to, each Tranche of Notes will be set forth in the applicable Pricing Supplement which, with respect to Notes to be listed on the Euro MTF Market of the Luxembourg Stock Exchange will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

This Offering Circular may only be used for the purpose for which it has been published. Investors should note the risk factors set out on pages 6 – 20 of this Offering Circular.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Euro MTF Market and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended **MiFID II**).

The Programme provides that Notes may be listed on or by such other or further stock exchange(s) (other than in respect of an admission to trading on any market in the European Economic Area (which, for these purposes, includes the United Kingdom) (the **EEA**) which has been designated as a regulated market for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) as may be agreed between the relevant Issuer and the Dealer. The Issuers may also issue unlisted Notes.

The Notes of each Tranche will either initially be represented by a temporary global note (each a **Temporary Global Note**) or, if agreed between the relevant Issuer and the Dealer, be represented by a permanent global note (each a **Permanent Global Note**) which, in either case, will be deposited on the issue date thereof with a common depositary or a common safekeeper, as the case may be, on behalf of Euroclear Bank SA/NV (**Euroclear**), and Clearstream Banking S.A. (**Clearstream, Luxembourg**) and/or any other agreed clearing system. A Temporary Global Note so issued will be exchangeable, as specified in the applicable Pricing Supplement, for either a Permanent Global Note or definitive Notes, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable for definitive Notes as further described in "*Form of the Notes*" below.

Arranger

Mediobanca - Banca di Credito Finanziario S.p.A.

Dealers

Mediobanca International (Luxembourg) S.A.

Mediobanca - Banca di Credito Finanziario S.p.A.

The date of this Offering Circular is 4 December 2020

NOTICES TO INVESTORS

Each Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of each Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular. The Dealers have not separately verified all the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme or any Notes. The Dealers do not accept any liability in relation to the information contained in this Offering Circular or to any other information provided by the Issuers or the Guarantor in connection with the Programme or any Notes.

No person has been authorised to give any information or to make any representation not contained in or consistent with this Offering Circular or any other information supplied in connection with the Programme or any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the relevant Issuer, the Guarantor or any of the Dealers.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuers or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor and/or any of their respective subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the relevant Issuer and, the Guarantor when deciding whether or not to purchase any Notes.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor or any of the Dealers which would permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material relating to the Programme or Notes issued thereunder may be distributed or published in any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including Italy, Luxembourg and the United Kingdom) (see “*Subscription and Sale*” below).

The Notes have not been and will not be registered under the United States Securities Act, 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 (see “*Subscription and Sale*” below).

All references in this Offering Circular to (i) **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, (ii) **U.S. dollars** and **U.S.\$** refer to the lawful currency for the time being of the United States of America, (iii) **£** and **Sterling** refer to the lawful currency for the time being of the United Kingdom.

In connection with the issue of any Tranche of Notes, 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 Pricing Supplement 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 final terms of the offer of the relevant Tranche of the 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 persons acting on behalf of any Stabilising Manager(s) in accordance with all applicable laws and rules.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. 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 (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 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

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RISK FACTORS

References in this section to the Issuer are to the relevant Issuer of a Series of Notes.

(A) Risks relating to the Issuers, the Guarantor and the Mediobanca Group

Risk factors relating to the Issuers', the Guarantor's and the Mediobanca Group's financial situation.

Liquidity Risk

Liquidity risk is the risk that the relevant Issuer or, if applicable, the Guarantor will be unable to meet its obligations as they fall due, because of its inability to obtain funding (*i.e.* funding liquidity risk) and/or because of its difficulties to sell assets without incurring a capital loss due to the illiquid nature of the market (*i.e.* market liquidity risk).

The liquidity of the Issuers and the Guarantor may be affected by (i) national and international markets' volatility; (ii) potential adverse developments of general economic, financial and other business conditions; (iii) circumstances making the Issuer temporarily unable to obtain access to capital markets by issuing debt instruments; and (iv) variations in the Issuer's, or Guarantor's creditworthiness – which may affect the aforementioned market liquidity risk. All the above circumstances may derive from factors – as market disruptions – which do not depend on the Issuer's, or the Guarantor's will, but may adversely affect its liquidity profile.

As at 30 June 2020, the Liquidity Coverage Ratio (**LCR**) of Mediobanca is equal to 165% (whereby the required regulatory threshold from 1 January 2018 shall be at least equal to 100%) and the Net Stable Funding Ratio (**NSFR**) of Mediobanca is equal to 109% (whereby the required regulatory threshold from 2021 shall be at least equal to 100%). The Group's targeted longer-term refinancing operations (TLTROs) with the Eurosystem amounted, as at 30 June 2020, to approximately €5.7 billion. The LCR creates a liquidity buffer that allows the Issuer's continuity for a 30-day-period in the case of serious distressed situations; the NSFR detects the structural liquidity, ensuring that assets and liabilities have a structure based on maturities that is sustainable for Mediobanca.

Despite the above and the continuous monitoring activities of the Guarantor and the Issuers over their liquidity risk, the occurrence of particular events as the one described herein and/or potential changes in the markets, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads and/or other risks relating to the regulatory developments in the prudential requirements field, could lead to adverse effects on the activities and on the economic/financial position of the Guarantor and the Issuers.

Market volatility and difficult access to debt capital markets can adversely affect the Guarantor's liquidity

In the event that the extreme volatility and disruption experienced by international and domestic markets in recent months continue in the future, the Guarantor's liquidity can be adversely affected. The Guarantor's funding activity relies, for more than 20 per cent., on retail deposits with the Group company CheBanca!, on medium and long-term debt capital market issues offered to institutional investors and to the public. The placement to retail investors is made through public offerings (carried out by means of single banking networks – including that of Banco Posta – with exclusivity or through syndicated joined banking groups) and sold directly on the Mercato Telematico delle Obbligazioni managed by Borsa Italiana S.p.A. (**MOT**). Demand from institutional investors is met through public offerings on the Eurobond market and private placements of instruments tailored on the basis of the specific needs of the subscriber.

The volatility of the debt capital markets in Italy and abroad may impair the Guarantor's ability to raise funding through fixed-income instruments and may affect its liquidity in the long term. In addition, the wider credit spreads that the markets are experiencing can affect the Guarantor's aggregate cost of funding and have an impact on its financial results.

Risks in connection with the exposure of the Group to Eurozone sovereign debt

In carrying out its activities, the Group holds substantial volumes of public-sector bonds, including bonds issued by European countries. The Group's total exposure in this respect as at 30 June 2020 is set out in the tables A.1.2.a and A.1.2.b of Part E of the audited consolidated annual financial statements of Mediobanca as at and

for the year ended 30 June 2020 incorporated by reference into this Offering Circular. This could give rise to operational disruptions to the Group's business.

Furthermore, Mediobanca is affected by disruptions and volatility in the global financial markets. Market tensions might affect negatively the funding costs and economic outlook of some euro member countries. This, together with the risk that some countries (even if not very significant in terms of gross domestic product) might leave the euro area, would adversely affect the Group's ability to fund its financial obligations at a competitive cost. In particular, Mediobanca'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 Mediobanca.

Thus, any negative developments in the Group's sovereign exposure could adversely affect its results of operations, business and financial condition.

Risks connected to a potential rating downgrade

The Guarantor, while improving its ability to withstand a hypothetical default by the Republic of Italy, is still materially dependant on the potential fluctuations of the credit ratings of the Republic of Italy, due to its overall exposure to the Republic of Italy's sovereign debt. Downgrades or foreseen downgrades of the Republic of Italy may therefore adversely affect the Guarantor's activities, economic/financial position, operating results and/or perspectives.

Mediobanca is rated by (i) S&P Global Ratings Europe Limited (formerly, Standard & Poor's Credit Market Services Italy S.r.l.) (**S&P**), (ii) Fitch Italia S.p.A. (**Fitch**) and (iii) Moody's Investor Service Ltd. (**Moody's**) which are established in the European Union or in the United Kingdom and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, (as amended) (the **CRA Regulation**) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation.

A downgrade of Mediobanca's rating (for whatever reason) might result in higher funding and refinancing costs for Mediobanca in the capital markets. In addition, a downgrade of Mediobanca's rating may limit Mediobanca's opportunities to extend mortgage loans and may have a particularly adverse effect on Mediobanca's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on Mediobanca's financial condition and/or the results of its operations.

The Guarantor's and Mediobanca International's operations are dependent on the correct functioning of their IT systems, which exposes the Guarantor and Mediobanca International to risk

The Guarantor's and Mediobanca International's operations depend on, among other things, the correct and adequate operation of their IT systems, as well as their continuous maintenance and constant updating.

The Guarantor and Mediobanca International have always invested significant resources in upgrading their relevant IT systems and improving their defense and monitoring systems. However, possible risks remain with regard to the reliability of the system (disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the Guarantor's and the Issuers' business, results of operations or financial condition.

Among the risks that the Guarantor and Mediobanca International face relating to the management of IT systems are the possible violations of their systems due to unauthorized access to the Guarantor's and/or Mediobanca International's corporate network, or IT resources, the introduction of viruses into computers or any other form of abuse committed via the internet. Like attempted hacking, such violations have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to the Issuers and their customers and can have negative effects on the integrity of the Issuers' IT systems, as well as on the confidence of their customers and on the Guarantor's and Mediobanca International's reputation, with possible negative effects on their business, results of operations or financial condition.

In addition, the Guarantor's and Mediobanca International's substantial investment in resources in software development creates the risk that when one or more of the above-mentioned circumstances occurs, the Guarantor and Mediobanca International may suffer financial losses or impacts on their operations if the software is destroyed or seriously damaged, or will incur repair costs for the violated IT systems. The Guarantor and Mediobanca International may also be subject to regulatory sanctions.

Risk factors relating to the Guarantor's and the Issuers' activities and the market where the Guarantor, the Issuers and the Group operate.

The Guarantor's and the Issuers' financial results are affected by changes in interest rates

Fluctuations in interest rates in Italy and in the other markets in which the Mediobanca Group operates influence the Mediobanca Group's performance. The results of the Guarantor's and each Issuer's banking operations are affected by its management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. More specifically, an increase in interest rates may result in an increase in the Mediobanca Group's financing cost that is faster and greater than the increase in the return on assets, due, for example, to a lack of correspondence between the maturities of the assets and the liabilities that are affected by the change in interest rates, or a lack of correspondence between the degree of sensitivity to changes in interest rates between assets and liabilities with a similar maturity. In the same way, a fall in interest rates may also result in a reduction in the return on the assets held by the Mediobanca Group, without an equivalent decrease in the cost of funding.

A mismatch of interest - earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the value of the assets and liabilities held by the Mediobanca Group and, consequently, on the Guarantor's and the Issuer's financial condition or results of operations.

The Guarantor and the Issuers' financial results may be affected by market declines and volatility

The results of the Guarantor and the Issuers are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Guarantor's and the Issuers' customers may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Guarantor's and the Issuers' borrowers and counterparties, including sovereign states, can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The Guarantor and each Issuer is therefore exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks.

Each of the Guarantor and the Issuers is subject to credit and market risk. Current market conditions are unprecedented

The credit and capital markets have been experiencing extreme volatility and disruption in recent months. To the extent that any of the instruments and strategies the Guarantor or the Issuer uses to hedge or otherwise manage its exposure to credit or capital markets risk are not effective, the Guarantor and/or the Issuer may not be able to mitigate effectively their risk exposures in particular market environments or against particular types of risk. The Guarantor's and the Issuers' trading revenues and interest rate risk are dependent upon their ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Guarantor and the Issuers' financial results also depend upon how effectively they determine and assess the cost of credit and manage their credit risk and market risk concentration. In addition, due to market fluctuations, weak economic conditions and/or a decline in stock and bond prices, trading volumes or liquidity, the Guarantor's and the Issuers' financial results may also be affected by a downturn in the revenues deriving from its margin interests, principal transactions, investment banking and securities trading fees and brokerage activities.

Sustained market weakness and volatility may adversely affect the Guarantor's investment banking and financial advisory revenues and subject the Guarantor to risks of losses from clients and other counterparties

The Guarantor's investment banking revenues, in the form of financial advisory and debt and equity underwriting fees, are directly related to the number and size of the transactions in which the Guarantor participates and may be impacted by continued or further credit market dislocations or sustained market downturns. Sustained market downturns or continued or further credit market dislocations and liquidity issues would also likely lead to a decline in the volume of capital market transactions that the Guarantor executes for its clients and, therefore, to a decline in the revenues that it receives from commissions and spreads earned from the trades the Guarantor executes for its clients. Further, to the extent that potential acquirers are unable to

obtain adequate credit and financing on favorable terms, they may be unable or unwilling to consider or complete acquisition transactions, and as a result, the Guarantor's merger and acquisition advisory practice would suffer.

In addition, declines in the market value of securities can result in the failure of buyers and sellers of securities to fulfil their settlement obligations, and in the failure of the Guarantor's clients to fulfil their credit obligations. During market downturns, the Guarantor's counterparties in securities transactions may be less likely to complete transactions. Also, the Guarantor often permits its clients to purchase securities on margin or, in other words, to borrow a portion of the purchase price from the Guarantor and collateralize the loan with a set percentage of the securities. During steep declines in securities prices, the value of the collateral securing margin purchases may drop below the amount of the purchaser's indebtedness. If the clients are unable to provide additional collateral for these loans, the Guarantor may lose money on these margin transactions. In addition, particularly during market downturns, the Guarantor may face additional expenses defending or pursuing claims or litigation related to counterparty or client defaults.

Risks connected to the presence of OTC derivatives in the Group's portfolio

The investors should note that the portfolio of the Group contains so-called "over the counter" (OTC) derivatives. The fair value of these OTC derivatives depends upon the both the valuation and the perceived credit risk of the instrument insured or guaranteed or against which protection has been bought and the credit quality of the protection provider. Market counterparties have been adversely affected by their exposure to residential mortgage linked products, and their perceived creditworthiness has deteriorated significantly since 2007.

Although the Group seeks to limit and manage direct exposure to market counterparties, indirect exposure may exist through other financial arrangements and counterparties. If the financial condition of market counterparties or their perceived creditworthiness deteriorates further, the Group may record further credit valuation adjustments on the underlying instruments insured by such parties.

Any primary or indirect exposure to the financial condition or creditworthiness of these counterparties could have a material adverse impact on the results of operations, financial condition and prospects of the Group.

Systemic risks in connection with the economic/financial crisis, uncertainty on the macroeconomic scenario and impacts deriving from the Covid-19 pandemic

The future evolution of the macroeconomic scenario may have negative effects on the economic and financial situation of Mediobanca and/or the Group. Adverse changes in the factors described below could lead Mediobanca and/or the Group to incur losses, to increases in the costs of financing, reductions in the value of assets held, with a potential negative impact on the liquidity, earnings capacity and economic capital solidity of Mediobanca and/or the Group.

It should be noted that, in relation to the economic, social and financial consequences deriving from the Covid-19 pandemic, a deterioration of the health situation connected to the Covid-19 pandemic could adversely affect the Italian economic, social and financial situation and, consequently, the credit quality and earnings capacity of Mediobanca which operates, principally, on the Italian market. As at 30 June 2020, the consequences of the Covid-19 pandemic impacted, in particular, the cost risk. It is noted that, as at 30 June 2020, the credit risks adjustments increased in respect of the previous financial year by approximately 70% (from 222.6 to 374.9 million) and they express a risk cost of 82 bps (such cost was 52 bps as at 30 June 2019 year and 48 bps as at 31 December 2019); such increase is concentrated in the last quarter (where the credit cost increased to 141 bps).

It should be noted that the operational activity, earnings capacity and stability of the financial system in which Mediobanca and the Group operate may be influenced by their credit reliability, by the economic situation in general, in Italy and in the Euro-zone, by the dynamics of the financial markets and the economic, social and financial consequences deriving from the Covid-19 pandemic. With regard to the financial markets, the solidity and the growth prospects of the economies of the countries in which Mediobanca operates have a significant impact on such markets.

The Guarantor's and the Issuers' performance is also influenced by the general economic situation, both national and for the Eurozone as a whole, and by the trend on financial markets, in particular by the solidity and growth prospects of the geographical areas in which the Guarantor and the Issuers operate. The macroeconomic scenario currently reflects considerable areas of uncertainty, in relation to: (a) the crisis generated by the Covid-19 pandemic, (b) the trends in the real economy with reference to the probability of a recession at a national and

global level, (c) future developments in the monetary policy of the ECB for the Eurozone area, and the U.S. Federal Reserve Board for the US dollar area, and the policies implemented by various countries to devalue their own currencies for competitive reasons; (d) instability if the confidence of holders of debt instruments issued by the Republic of Italy drops due to the uncertainty of the economic policies and (e) the withdrawal of the United Kingdom from the European Union.

In relation to the aspect set out in point (a) above, a deterioration of the health situation due to the Covid-19 pandemic could further impact the Italian economic, social and financial situation and, consequently, the credit quality, capital solidity and earnings capacity of Mediobanca which operates, principally, on the Italian market. The effect of the Covid-19 pandemic may be estimated as approximately € 113 million.

Risks associated with the economic context and consequences of the United Kingdom's exit from the European Union (Brexit)

The United Kingdom (UK) has left the European Union (EU) as of 31 January 2020 (**Brexit**). During a transitional period (tentatively until 31 December 2020), the UK will abide by the EU rules despite not being a member while the future terms of the UK's relationship with the EU will be negotiated. The uncertainties are likely to continue to result in market disruptions affecting the Guarantor and the Issuers and heightened volatility in the market. As of the date of this Offering Circular, the terms of a trade deal and the relationship of the UK and the EU remain uncertain. Particularly a Brexit without a deal, which could occur if the EU and the UK fail to reach an agreement, is likely to adversely and significantly affect European or worldwide economic or market conditions and may contribute to instability in global financial and foreign exchange markets. In addition, it would likely lead to legal uncertainty and divergent national laws and regulations.

Risk factors relating to the legal and regulatory framework

Changes in the Italian and European regulatory framework could adversely affect the Guarantor's and the Issuers' business

Mediobanca is subject to extensive regulation and supervision by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* (the Italian securities market regulator or **CONSOB**), the European Central Bank and the European System of Central Banks. Mediobanca International is subject to extensive regulation and supervision by the European Central Bank and the European System of Central Banks, and by the CSSF in Luxembourg.

The banking laws to which Mediobanca and Mediobanca International are subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, Mediobanca and Mediobanca International must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing the international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and could significantly alter their capital requirements.

The supervisory authorities mentioned above govern various aspects of Mediobanca and Mediobanca International, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, Mediobanca has in place specific procedures and internal policies. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the Group's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Offering Circular, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

The Bank Recovery and Resolution Package is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Securities

Directive 2014/59/EU (the "**Bank Recovery and Resolution Directive**" or the "**BRRD**") as amended by Directive 2017/2399 (the "**BRRD Amending Directive**") and Directive 2019/879 (the "**BRRD II**" and, jointly with the BRRD and the BRRD Amending Directive, the "**BRRD Package**") provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD has been implemented in Italy through the adoption of the Legislative Decrees No. 180/2015 of 16 November

2015 and 181/2015. The BRRD has been implemented in Luxembourg through the adoption of the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended.

The BRRD Package contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that: (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the **General Bail-In Tool**), which equity could also be subject to any future application of the General Bail-In Tool.

In addition to the General Bail-In Tool, the BRRD Package provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments at the point of non-viability and before or concurrently with any other resolution action is taken (**non-viability loss absorption**). Any shares issued to holders of the Securities upon any such conversion into equity capital instruments may also be subject to any application of the General Bail-In Tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD Package is the point at which the relevant authority determines that the institution and/or its group meets the conditions for resolution (but no resolution action has yet been taken) or that the institution and/or its group will no longer be viable unless the relevant capital instruments are written-down/converted or extraordinary public support is to be provided and the appropriate authority determines that without such support the institution would no longer be viable.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

Moreover, the European Commission has proposed a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments, by creating, inter alia, a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. In such perspective, the proposed amendments to Article 108 of the BRRD aim at enhancing the implementation of the bail-in tool and at facilitating the application of the "minimum requirement for own funds and eligible liabilities" (**MREL**) requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms. As such, the amendments provide an additional means for credit institutions and certain other institutions to comply with the forthcoming MREL requirement and improve their resolvability, without constraining their respective funding strategies.

The powers set out in the BRRD Package and the application of the MREL requirement will impact credit institutions and investment firms and how they are managed as well as, in certain circumstances, the rights of creditors under the Programme and could, therefore, materially adversely affect the rights of holders of the Securities, the price or value of their investment in any Securities and/or the ability of the Issuer or, if applicable, the Guarantor to satisfy its obligations under any Securities.

Risks related to changes in fiscal law

The Guarantor is subject to risks associated with changes in tax law or in the interpretation of tax law, changes in tax rates and consequences arising from non-compliance with procedures required by tax authorities. More in particular, the Guarantor is required to pay Italian corporate income taxes (**IRES**) pursuant to Title II of Italian Presidential Decree no. 917 of 22 December 1986 (i.e. the Consolidated Income Tax Law, or **TUIR**) and the

Italian regional business tax (**IRAP**) pursuant to Legislative Decree no. 446 of 15 December 1997, and the amount of taxes due and payable by the Guarantor may be affected by tax benefits from time to time available.

The Guarantor currently benefits from the stimulus provisions introduced by way of article 1 of Italian Law Decree no. 201 of 6 December 2011, as amended and converted into Law no. 214 of 22 December 2011, concerning "economic-growth allowances" (*aiuto alla crescita economica*, or **ACE**). The ACE rules allow for a deduction from net income for the purposes of IRES of an amount computed by applying a notional yield (being 1.5% from 2018 onwards) to the increase in net equity (the **ACE Base**). The ACE base is, for the first year of application of ACE (i.e. 2011), the amount of equity existing at close of that year less the amount of equity as of 31 December 2010 (excluding profits earned in 2010) and, for subsequent years, the base carried forward from the previous year as adjusted (increased and reduced) to reflect components affecting equity.

In accordance with article 3 of the Italian Ministerial Decree of 3 August 2017 revising the implementing provisions of the ACE legislation, if the amount of the notional yield (i.e. the ACE deduction) exceeds net income declared for a given tax year (the "Excess ACE"), such excess (i) may increase the amount deductible from income in subsequent tax years, or (ii) may be converted into a tax credit calculated by applying the IRES tax rate, as per article 77 of the TUIR, to the Excess ACE amount and then utilised in five annual instalments of equal amount as an offset to IRAP up to the amount of tax due for the period. Following abrogation of ACE by the Italian government, the Excess ACE that remained unutilised as of 31 December 2018 of Euro 5.4 million may be either carried forward or, with reference to the Excess ACE of the 2018 tax year only, transformed into tax credit to offset IRAP. Accordingly, the Guarantor will no longer benefit from any tax deduction under the ACE mechanism once its Excess ACE has been utilised in full.

From time to time, the Italian budget law may also include provisions that affect the deductibility of particular items that could result in an increase in the taxable income of the Guarantor for IRES and/or IRAP purposes, either in general or for specific tax period(s), for example the measures introduced by the 2019 budget law as regards the treatment of loss on loans to customers recognised on first application of IFRS 9.

Any legislative changes affecting the calculation of taxes could therefore have an impact on the Guarantor's financial condition, results of operations and cash flow.

Risks related to the EU anti-tax avoidance directive

Directive 2016/1164/EU, the so-called anti-tax avoidance directive (**ATAD**), was adopted on 12 July 2016 to implement in the EU Member States' domestic legal frameworks common measures to tackle tax avoidance practices. ATAD lays down (i) controlled foreign company rules, (ii) anti-hybrid mismatches within the EU context rules, (iii) general interest limitation rules, (iv) a general anti-abuse rule, and (v) exit taxation rules. Following the adoption of ATAD, the EU Member States decided to go further as regards hybrid-mismatches with third countries, and adopted the Directive 2017/952/EU (**ATAD 2**) amending the ATAD provisions with respect to anti-hybrid mismatches, on 29 May 2017. Luxembourg adopted (i) the Law of 21 December 2018 implementing ATAD with effect as of 1 January 2019 and (ii) the Law of 20 December 2019 implementing ATAD 2 with effect as of 1 January 2020 (except for the reverse hybrid mismatch rules, which should apply as of 1 January 2022). These rules could increase the taxable base of the Issuers and therefore negatively impact the return of the holders of the Notes.

Risk related to the effects of the IFRS 9 "first time adoption" and the forthcoming regulatory and accounting changes

Following the entry into force and subsequent application of new accounting standards and/or regulatory rules and/or the amendment of existing standards and rules, the Guarantor and/or the Issuers may have to revise the accounting and regulatory treatment of some operations and the related income and expense, with potentially negative effects on the estimates contained in the financial plans for future years and with the need to restate already published financial statements.

IFRS 9 has replaced IAS 39 and has introduced significant changes with regard to "Classification and Measurement" and "Impairment", thus affecting the Guarantor's and the Issuers' net assets amount and composition during its "first time adoption" phase.

Whereby the changes regarding "Classification and Measurement" did not produce material effects on the Mediobanca's accounts, the changes regarding "Impairment" have implied an overall increase of the expected losses equal to Euro 118,000,000 – of which 67% refers to *in bonis* exposures and 33% to non-performing exposures.

In addition to the substantial changes in accounting standards, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction.

In this context, the Basel Committee on Banking Supervision (the **BCBS**) approved a number of capital adequacy and liquidity requirements (**Basel III**), 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. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019. Moreover, the Basel Committee has embarked on a very significant risk weighted assets (**RWAs**) variability agenda. This includes the "Fundamental Review of the Trading Book", revised standardised approaches (e.g., credit, market, operational risk), constraint to the use of internal models, as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against the exposures assessed via standardised approach and on those evaluated via an internal ratings based approach ("IRB"), due to the introduction of capital floors that, according to the new framework, will be calculated based on the revised standardised approach. Implementation of these new rules on risk models will take effect from 1 January 2022.

At the European level, the Basel III rules have been implemented through two separate legislative instruments:

Directive 2013/36/EU of 26 June 2013, as amended (the **CRD IV Directive**) and Regulation (EU) No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the **CRR** and together with the CRD IV Directive, the **CRD IV**).

The CRD IV has been recently amended, as well as the BRRD and the SRM Regulation, following the adoption of a comprehensive reform package first announced by the European Commission in November 2016 (the **EU Banking Reform**). In particular, the EU Banking Reform consists of:

- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the CRD IV Directive as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the **CRD V**);
- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the **CRR II**);
- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the **BRRD II**); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms (the **SRMR II**).

These recently introduced banking reforms as well as other laws and regulations that may be adopted in the future could adversely affect the Guarantor's and/or the Issuers' business, financial condition, results of operations and cash flow.

(B) Risks relating to Secured Notes

Factors which are material for the purpose of assessing the risks associated with the Mortgaged Property.

Collateral

If the Notes are Secured Notes in order to secure its obligations under a Series of Notes, the relevant Issuer will grant to the Security Trustee on behalf of the Securityholders security over the Collateral Assets or its rights in respect of the Collateral Assets. Where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement then the Counterparty may be obliged under the Transfer Agreement, Credit Support Document and/or any Additional Charged Agreement to transfer the relevant Collateral Assets to the relevant

Issuer from time to time. The purpose of the Charged Agreements may also be to allow the relevant Issuer to perform its scheduled obligations under the Secured Notes, all as described more fully in the applicable Pricing Supplement. Where Collateral Arrangements Only is specified as applying the Pricing Supplement it will be the responsibility of the relevant Issuer or failing that Issuer the Guarantor to provide the relevant Charged Assets and that Issuer may have certain obligations or rights to adjust the Collateral Assets from time to time.

Shortfall on Realisation of Mortgaged Property

If the Notes are Secured Notes the security provided for a Series of Notes is limited to the Mortgaged Property in respect of such Series. The proceeds of realisation of the Mortgaged Property may be less than the sums due to the Securityholders in respect of such Series. In the event that a Shortfall exists, the relevant Issuer or, failing that Issuer, the Guarantor shall remain liable for the Shortfall pursuant to the terms of the Guarantee. Any Shortfall will constitute an unsecured claim by the Securityholders against that Issuer or, if that Issuer fails to make payment of such amount, the Guarantor. Investors should be aware that they are therefore exposed to the creditworthiness of the relevant Issuer and the Guarantor. In the event of the insolvency of the relevant Issuer and the Guarantor, investors may lose all or a substantial portion of their investment.

Adjustment of Collateral Assets

Where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement then pursuant to the terms of the relevant Charged Agreement(s) and if so specified in the applicable Pricing Supplement, the relevant Issuer and the Counterparty may transfer amounts of cash or securities to each other by way of credit support from time to time. Such amounts when held by the relevant Issuer will comprise part of the Collateral Assets. Investors should review carefully such provisions to understand the effect of these on the Notes. One possible approach is that the Counterparty may calculate the fair market value of the Secured Notes and the fair market value of Collateral Assets (taking into account all factors which the Counterparty deems relevant), and provided that no account shall be taken of the financial condition of (i) the relevant Issuer which shall be presumed to be able to perform fully its respective obligations under the Secured Notes or (ii) the Guarantor which shall be presumed to be able to perform fully its obligations under the Guarantee, and on such periodic basis as set out in the applicable Pricing Supplement and the relevant Charged Agreement(s). In the event that on the date of valuation there is a mismatch between the fair market value of the Collateral Assets and the fair market value of the Secured Notes, the Counterparty shall deliver Collateral Assets and, as applicable, the relevant Issuer shall redeliver Collateral Assets to the Counterparty pursuant to the Credit Support Document, if applicable. If, prior to a valuation date, the fair market value of the Notes increases, or the fair market value of the Collateral Assets decreases, investors will be exposed to the mismatch between the fair market value of the Secured Notes and the fair market value of the Collateral Assets until the next valuation date.

Where Collateral Arrangements Only is specified as applying in the Pricing Supplement the terms of the Notes may provide that the Collateral Assets may be adjusted in accordance with the terms of Condition 11 (*Adjustment of Collateral Assets*). Such adjustment will be as specified in the applicable Pricing Supplement and may be in whole or in part and may be for cash or other assets. Such adjustment may involve the relevant Issuer topping up, removing, maintaining and/or substituting Collateral Assets and this may diminish or have an adverse effect on the value of the Collateral Assets in some circumstances.

The following considerations apply principally where Collateral Arrangements Only is specified as applying the Pricing Supplement. However it is possible that similar features may be specified where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement:

- The relevant adjustment rights of the relevant Issuer in respect of the Collateral Assets where applicable will be specified in the Pricing Supplement. In the case where the relevant Issuer has the right but not the obligation to top up the Collateral Assets Noteholders should be aware that no assurance expressed or implied can be given that in any circumstances the relevant Issuer will exercise its right to provide any additional Collateral Assets. As a result Collateral Assets may be limited to the Initial Collateral Assets at all times.
- Where specified in the Pricing Supplement the relevant Issuer may have the right to remove excess Collateral Assets at any time to the extent that they are not then required to meet the relevant coverage requirement specified in the Pricing Supplement. However, in this case investors should note that the relevant Issuer may be under no obligation to return the Collateral Assets at any time following the

removal. It is possible that the relevant coverage requirement in respect of the Collateral Assets will not be met. As a result the Collateral Assets will be less than if the relevant Issuer had not exercised such right.

- In certain cases the relevant Issuer may have the right to substitute Collateral Assets and this may either be with the requirement that the value of the Collateral Asset is immediately following the substitution remains at least equal to their value immediately prior to the substitution or it may be by reference to the requirement that the relevant coverage requirement for the Collateral Assets continues to be met immediately following the substitution. Where the relevant Issuer exercises any substitution right this may have a detrimental effect on the available Collateral Assets and their quality which may be disadvantageous to Noteholders. Any such substitution right may be exercised any number of times.

Investors should note that the relevant Issuer will only have an obligation to maintain the Collateral Assets where this is so specified in the Pricing Supplement. In this case the maintenance obligation may be by reference to the nominal value of Collateral Assets or otherwise the value of the Collateral Assets determined as specified in the terms and conditions and the Pricing Supplement. Investors should review carefully these provisions in order to understand clearly the way in which these may operate and their effect on the value of the Notes. In the event that under Condition 11, the relevant Issuer or under the Credit Support Document (if applicable) the Counterparty is required to deliver additional Collateral Assets, the relevant Issuer and/or the Counterparty shall do so as soon as practicable following the relevant valuation date. There may be a delay between the valuation date and the date on which the relevant Issuer and/or the Counterparty is able to deliver such additional Collateral Assets and investors will be exposed to the mismatch between the fair market value of the Secured Notes and the value of the Collateral Assets during such period.

Potential Conflicts of Interest between the Investors and the Counterparty

This section applies where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement. Various potential and actual conflicts of interest may arise between the interests of the Securityholders and the Counterparty, which is likely to be an affiliate of the relevant Issuer. Neither the Counterparty nor its affiliates is required to resolve such conflicts of interest in favour of the Securityholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Securityholders. In particular, the interests of the Counterparty may be adverse to those of the Securityholders. The terms of the Transfer Agreement and, if applicable, the Credit Support Document require the Counterparty to make certain determinations and exercise certain discretions (including as to the value of the Notes and the Collateral Assets) and it may make such determinations and exercise such discretions without any regard for the interests of the Securityholders.

Collateral Management

In respect of certain Series of Notes the relevant Issuer and, where applicable, the Counterparty may each appoint one or more agents to perform custodial and administrative functions relating to their obligations under the Notes, the Transfer Agreement, the Collateral Assets or the Credit Support Document, as applicable. Such delegation shall not relieve the relevant Issuer or the Counterparty, where applicable, of their obligations under the Notes, the relevant Transfer Agreement, the Collateral Assets or Credit Support Document, as applicable, and the relevant Issuer or the Counterparty shall be liable for the acts and omissions of their agents. In addition, a failure by any agent to perform its duties and obligations with respect to the Collateral Assets, or the occurrence of any adverse event in relation to any of those entities, may adversely affect the availability of the Collateral Assets, and consequently adversely affect the realisation of the Mortgaged Property.

Possible mandatory redemption or cancellation following termination of the Transfer Agreement or Credit Support Document

Where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement then if the Transfer Agreement or, if applicable, Credit Support Document is terminated in accordance with its terms prior to its stated date of termination, the relevant Issuer may, if such right is specified in the Pricing Supplement, redeem or cancel, as applicable, the Notes in whole but not in part by payment of the Early Redemption Amount together with any accrued interest. Following such redemption or cancellation an investor generally may not be able to reinvest the redemption or cancellation proceeds in a comparable security with an effective return as high as the return on the relevant Notes.

If the Transfer Agreement or Credit Support Document, as applicable, is terminated as a result of an event of default, the Security will, if so specified in the Pricing Supplement, become enforceable.

Fluctuations in the value of the Mortgaged Property

The Collateral Assets may be subject to fluctuations in value. Investors should note that the Collateral Assets may suffer a negative performance between the time at which the Security becomes enforceable and the realisation of the Mortgaged Property. In extraordinary circumstances, the Mortgaged Property available at the time at which the Security becomes enforceable could completely lose its value by the time of realisation.

Substitution of the Collateral Assets at the option of the Counterparty and Counterparty control

This section applies where Charged Agreement/Collateral Arrangements is specified as applying in the Pricing Supplement. Pursuant to the terms of the Transfer Agreement or the Credit Support Document, as applicable, the Counterparty may substitute existing Collateral Assets for Eligible Collateral. The Counterparty is not required to obtain the consent of the relevant Issuer or the Security Trustee prior to such substitution. The Counterparty may substitute the Collateral Assets any number of times over the term of the Notes.

Where Charged Agreement/Collateral Arrangements is specified as applying in the Pricing Supplement, pursuant to the terms of the Transfer Agreement or the Credit Support Document, as applicable, Collateral Assets will be (a) delivered to the relevant Issuer, (b) returned to the Counterparty, or (c) substituted, and in each case the selection of such Collateral Assets will be at the direction of the Counterparty.

Lack of diversification of the Mortgaged Property

Investors should note that it is possible the Collateral Assets will have low diversification; in other words, the Collateral Assets may be limited to one or few assets. Such low diversification increases the risk that the proceeds of realisation of the Mortgaged Property may be less than the sums due to the Securityholders under the Notes.

Application of Proceeds

This section applies where Charged Agreement/Collateral Arrangements is specified as applying in the Pricing Supplement. Investors should note that in relation to a Series of Notes and in respect of the net proceeds of realisation of, or enforcement with respect to, the Mortgaged Property, if "Counterparty Priority Basis" is specified in the applicable Pricing Supplement, the claims of the Counterparty to such proceeds will be senior to and therefore rank ahead of the claims of the Securityholders.

Risk of a delay in the realisation of the Mortgaged Property in the event of the insolvency of an Issuer

In the event of the insolvency of the relevant Issuer the realisation of the Mortgaged Property may be delayed either by the insolvency administrator appointed in relation to that Issuer or by measures ordered by the competent court. Such delay could adversely affect the position of the Securityholders in the event of depreciation of the value of the Mortgaged Property during such delay.

Risks arising on an insolvency of the Counterparty in relation to a Credit Support Document

This section applies where Charged Agreement/Collateral Arrangements is specified as applying in the Pricing Supplement. In the event that the relevant Issuer enters into a Transfer Agreement and, if applicable, a Credit Support Document with the Counterparty in respect of a Series of Notes, the Counterparty will transfer Collateral Assets to the relevant Issuer. In the event that a liquidator or administrator were to be appointed in respect of the business and property of the Counterparty, no assurance can be given that the effect of the such transfers will be to remove the Collateral Assets from the property of the Counterparty available to a liquidator or administrator of the Counterparty for distribution to the general creditors of the Counterparty.

It is possible that a liquidator or administrator appointed in relation to the business and property of the Counterparty may commence proceedings to challenge the validity and effectiveness of the Transfer Agreement and, if applicable, the Credit Support Document for the purpose of including the Collateral Assets in the property and estate of the Counterparty. If insolvency proceedings were commenced in respect of the Counterparty, and in particular against the relevant Issuer in relation to the Transfer Agreement and, if applicable, the Credit Support Document, delays in realising the Mortgaged Property, possible reductions in the realisation amount of the Mortgaged Property and limitations on the exercise of remedies in relation to the enforcement of the Security could occur.

Illiquid Collateral Assets

The Collateral Assets may comprise assets which are not admitted to any public trading market and may therefore be illiquid and not readily realisable.

Further issues

Further fungible Notes may be issued by the same Issuer that issued the Original Notes in certain circumstances. The additional Collateral Assets which the relevant Issuer must provide for such further Notes relative to the aggregate nominal amount of the further Notes may be such as to affect the value of the original security provided for the Notes.

Commingling of Collateral Assets

Prospective investors' attention is drawn to the limited circumstances permitted by the Conditions, the Transfer Agreement or the Credit Support Document, as applicable, whereby the Collateral Assets held by the relevant Custodian are not segregated from the designated investments of the relevant Custodian: for instance in the case of cash or in certain circumstances in the case of registrable securities and, in such circumstances, in the event of the relevant Custodian's insolvency, the relevant Issuer's assets, or rights against any Counterparty or to such assets may not be as well protected from claims made on behalf of the general creditors of the relevant Custodian.

Security Trustee Indemnity

The Security Trustee shall not be bound to enforce the security in relation to the Notes unless (i) directed to do so by the Instructing Creditor (as defined on page 69) and (ii) it is indemnified and/or secured and/or prefunded to its satisfaction.

Future discontinuance of LIBOR or EURIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR or EURIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (**FCA**), which regulated LIBOR, discussed in a speech the transition away from LIBOR to alternative interest rate benchmarks based on overnight rates. As previously announced on 27 July 2017, the Chief Executive of the FCA, has confirmed that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the **FCA Announcement**). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021 and that planning a transition to alternative reference rates that are based firmly on transactions, such as reformed SONIA (the Sterling Over Night Index Average), must begin.

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. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the SONIA (Sterling Overnight Index Average) 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.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could require or result in adjustment to the interest calculation provisions of the Terms and Conditions of the Notes (as described in Condition 3(c) (*Benchmark replacement*) or Condition 3(d) (*U.S. dollar LIBOR replacement*)) or result in adverse consequences to holders of any securities linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The Conditions of the Notes provide that, if the relevant Issuer (in consultation with the Calculation Agent) determines that a Reference Rate Fallback Event (as defined in the Conditions) has occurred, the relevant Issuer

shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Benchmark Rate (as further described in Condition 3(c) (*Benchmark replacement*) and, if applicable, an Adjustment Spread. If the relevant Issuer is unable to appoint an Independent Adviser or if the Independent Adviser and the relevant Issuer cannot agree upon, or cannot select, the Successor Rate or Alternative Benchmark Rate, the relevant Issuer may determine the replacement rate, provided that if the Issuer is unable or unwilling to determine the Successor Rate or Alternative Benchmark Rate, the further fallbacks described in the Conditions shall apply. In certain circumstances, including but not limited to where the relevant Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest of the last preceding Interest Period being used. This may result in effective application of a fixed rate of interest for Notes initially designated to be Floating Rate Notes. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The use of a Successor Rate or an Alternative Benchmark Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Notes if the relevant benchmark remained available in its current form. Furthermore, if the relevant Issuer is unable to appoint an Independent Adviser or if the relevant Issuer fails to agree a Successor Rate or an Alternative Benchmark Rate or adjustment spread, if applicable with the Independent Adviser, the relevant Issuer may have to exercise its discretion to determine (or to elect not to determine) an Alternative Benchmark Rate or adjustment spread, if applicable in a situation in which it is presented with a conflict of interest. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the relevant Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters when making their investment decision with respect to the relevant Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a "benchmark" since the rate of interest will be changed in ways which may be adverse to holders of such Notes, without any requirement that the consent of such holders be obtained.

Redemption or adjustment for an Administrator/Benchmark Event

In the event that an Administrator/Benchmark Event occurs, the relevant Issuer may (at its option):

- (a) instruct the Calculation Agent to make such adjustment(s) to the Conditions of the Notes as it may determine appropriate to account for the relevant event or circumstance and, without limitation, such adjustments may (a) consist of one or more amendments and/or be made on one or more dates (b) be determined by reference to any adjustment(s) in respect of the relevant event or circumstance made in relation to any hedging arrangements in respect of the Notes and (c) include selecting a successor benchmark(s) and making related adjustments to the Conditions of the Notes, including where applicable to reflect any increased costs of the relevant Issuer providing such exposure to the successor benchmark(s), and, in the case of more than one successor benchmark, making provision for allocation of exposure as between the successor benchmarks; or
- (b) having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with Condition 18 (which notice shall be irrevocable), on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount.

For the avoidance of doubt, the above is additional, and without prejudice, to any other terms of the Notes.

Capacity of BNP Paribas and its affiliates

BNP Paribas and its affiliates (the **BNPP Parties**) may act in a number of capacities in connection with any issue of Notes, including as Security Trustee, Liquidation Agent, a Collateral Asset administration agent, Paying

Agent and/or Custodian. The BNPP Parties acting in such capacities in connection with such transactions shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. The BNPP Parties are part of a global investment banking and securities firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The BNPP Parties in their various capacities in connection with the contemplated transactions may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor. Each of the BNPP Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Notes or any other party.

The BNPP Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Offering Circular except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, BNPP Parties and employees or customers of the BNPP Parties may actively trade in and/or otherwise hold long or short positions in the Notes or enter into similar transactions referencing the Notes or the obligors thereof for their own accounts and for the accounts of their customers. If a BNPP Party becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the Notes. To the extent a BNPP Party makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a BNPP Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

U.S. Dividend Equivalent Withholding

Section 871(m) of the Code causes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met (such instruments, **Specified Securities**). If the relevant Issuer or any withholding agent determines that withholding is required, neither the relevant Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation---U.S. Dividend Equivalent Withholding*".

For purposes of withholding under rules commonly known as FATCA, Specified Securities are subject to a different grandfathering rule than other Notes. Prospective investors should refer to the section "*Taxation---Foreign Account Tax Compliance Act*". **(C) Risks relating to Notes for which Specific Buy Back Provisions apply**

Whilst investors in Notes for which Specific Buy Back Provisions are specified as applicable in the applicable Pricing Supplement may request the relevant Issuer to redeem their Note(s), the relevant Issuer will determine whether to accept any such request, and has the right to reject any such request, at its sole option. *Accordingly there is no obligation on the relevant Issuer to accept any such request and for the avoidance of doubt, even if the relevant Issuer has accepted previous request(s), it is under no obligation to accept future request(s)*. If the relevant Issuer does not reply to any such request, the relevant Issuer will be deemed to have rejected such request. If the relevant Issuer accepts a redemption request from an investor, the Calculation Agent will calculate the redemption amount payable in respect of the relevant Notes on the basis of the Market Value of the Underlying Transactions. The composition of the Underlying Transaction will be made available to the investors in accordance with the method of publication indicated in the relevant Pricing Supplement.

The Underlying Transactions are notional transactions and will be selected from time to time by the Calculation Agent in its reasonable discretion and the relevant composition is subject to change during the life of the Notes. Any changes in the composition of the Underlying Transaction could adversely affect the Market Value of the Underlying Transactions and, therefore, the value of the Notes.

The Market Value of the Underlying Transactions will therefore affect but will not necessarily be the same as any redemption amount payable in respect of the Notes if the relevant Issuer accepts. In particular, the investors

should note that the Market Value of the Underlying Transactions could adversely affect the redemption amount payable to an investor, particularly where the Underlying Transactions have maturities and/or notional amounts longer and/or higher, respectively, than the Maturity Date and principal amount of the relevant Notes.

The Specific Buy Back Provisions shall apply only to Notes where Mediobanca and/or Mediobanca International (Luxembourg) S.A. are specified as Dealers in the applicable Pricing Supplement.

Any such redemption amount may be significantly less than the purchase price of the relevant Notes and investors will not know the level of the redemption amount before making their redemption request, which is irrevocable.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of this Offering Circular:

- (a) the audited consolidated annual financial statements as at and for the years ended 30 June 2019 and 2020 of Mediobanca;
- (b) the audited non-consolidated annual financial statements as at and for the years ended 30 June 2019 and 30 June 2020 of Mediobanca International;
- (c) the unaudited consolidated interim financial report for the six months ended on 31 December 2018 and 2019 of Mediobanca and MBIL which have been translated into English;
- (d) the Terms and Conditions of the Notes set out in the Offering Circular dated 29 January 2018 relating to the Note Programme of MBFL; and
- (e) Terms and Conditions of the Notes set out in the Offering Circular dated 17 May 2017 relating to the Note Programme of MBFL,

in the case of the above mentioned financial statements, together with the accompanying notes and (where applicable) auditor's reports, save that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular 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. Where only certain sections of a document referred to above are incorporated by reference to this Offering Circular, the parts of the document which are not incorporated by reference are either not relevant for prospective investors or are covered elsewhere in this Offering Circular.

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

Cross-reference list in respect of the Mediobanca and Mediobanca International financial statements

Mediobanca – Consolidated annual financial statements

	2019	2020
Balance sheet	Pages 82-83	Pages 96-97
Statement of income	Pages 84-85	Pages 98-99
Statement of changes in equity	Pages 86-87	Pages 100-101
Cash flow statement	Pages 88-89	Pages 102-103
Accounting policies and explanatory notes	Pages 92-339	Pages 104-357
Auditors' reports	Pages 72-79	Pages 82-93

Mediobanca International - Non-Consolidated annual financial statements

	2019	2020
Statement of financial position	Page 40-41	Pages 36-37
Statement of comprehensive income	Page 42	Page 38
Statement of changes in equity	Page 43-44	Pages 39-40
Cash flow statement	Pages 45-46	Page 41
Accounting policies and explanatory notes	Pages 48-176	Pages 43-146
Auditors' reports	Pages 33-38	Pages 29-34

Any statement contained herein or in a document which is deemed to be incorporated in whole or in part by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the

extent that a statement contained in any such subsequent document which is deemed to be incorporated in whole or in part by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The relevant Issuer (or the Guarantor) will provide, without charge to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to the relevant Issuer at its offices set out at the end of this Offering Circular. In addition, such documents will be available, without charge, at the principal office of the Paying Agent in Luxembourg and on Mediobanca's website (<https://www.mediobanca.com/en/investor-relations/results-presentations/index.html> with respect to the financial information) and on the Mediobanca International's website (<http://www.mediobanca.com/en/about-us/locations/luxembourg.html>). In addition, such documents will be available free of charge, if and so long as any Notes are listed on the Luxembourg Stock Exchange from the principal office of the Listing Agent and notice thereof will be given to the Luxembourg Stock Exchange.

The relevant Issuer and, if applicable, the Guarantor, will, in connection with the listing of the Notes issued under the Programme on the Luxembourg Stock Exchange, so long as the Notes remain outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the relevant Issuer or the Guarantor, which is not reflected in the Offering Circular, advise the Luxembourg Stock Exchange and prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange.

The relevant Issuer may agree with any Dealer and the Luxembourg Stock Exchange that the Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Offering Circular or a new Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

In accordance with the rules of the Luxembourg Stock Exchange, financial statements of MBFL are not incorporated by reference in this Offering Circular. Such non-disclosure of MBFL's financial statements is not likely to mislead investors with regard to facts and circumstances that are essential for assessing the Notes.

GENERAL DESCRIPTION OF THE PROGRAMME

The maximum aggregate nominal amount of all Notes issued by the Issuers and from time to time outstanding under the Programme will not exceed Euro 5,000,000,000 subject to increase in accordance with the terms of the Programme Agreement.

The Notes will be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time. References to the **relevant Dealer** are references to the Dealer or Dealers with whom the relevant Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme. Notes may be Secured Notes or Unsecured Notes.

The relevant Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Offering Circular or a new Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Under the Programme, the relevant Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Offering Circular and any supplements hereto will only be valid in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued by the Issuers under the Programme, does not exceed the maximum aggregate nominal amount of Notes that may be issued under the Programme or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*" below) shall be determined, at the discretion of the relevant Issuer, either as of the date of agreement to issue such Notes (the **Agreement Date**) or on the preceding day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, in each case on the basis of the spot rate for the sale of U.S. dollars against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on such date;
- (b) the U.S. dollar amount (or, where applicable, the U.S. dollar equivalent of the amount) of Dual Currency Notes, Foreign Exchange Linked Notes, Index Linked Notes, Equity Linked Notes, Credit Linked Notes, Exchangeable Notes, Other Notes (not issued at a discount or a premium) and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated (where applicable, in the manner specified above) by reference to the original nominal amount of such Notes issued (in the case of Partly Paid Notes regardless of the purchase price paid); and
- (c) the U.S. dollar amount (or, where applicable, the U.S. dollar equivalent of the amount) of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*" below) and Other Notes issued at a discount or a premium shall be calculated (where applicable, in the manner specified above) by reference to the net proceeds received by the relevant Issuer for the relevant issue.

OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following overview does not purport to be exhaustive and is qualified in its entirety by the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meaning when used herein.

Issuers	MB Funding Lux S.A. and Mediobanca International (Luxembourg) S.A.
Guarantor	Mediobanca - Banca di Credito Finanziario S.p.A.
Description	Note Programme
Arranger	Mediobanca - Banca di Credito Finanziario S.p.A.
Dealers	Mediobanca International (Luxembourg) S.A.
Calculation Agent	Mediobanca - Banca di Credito Finanziario S.p.A.
Agent	BNP Paribas Securities Services, Luxembourg branch
Programme Size	EUR5,000,000,000
Legal and Regulatory Requirements	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ” below).
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer in connection with each Tranche as indicated in the applicable Pricing Supplement.
Certain Restrictions	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the UK Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “ <i>Subscription and Sale</i> ”.
Redenomination	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
Maturities	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, 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 relevant Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes of each Tranche will either initially be represented by a Temporary Global Note or, if agreed between the relevant Issuer and

the relevant Dealer, be represented by a Permanent Global Note which, in either case, will be deposited on the relevant Issue Date with a common depository or a common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. A Temporary Global Note will be exchangeable as described therein for either a Permanent Global Note or definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case not earlier than 40 days after the relevant Issue Date and only upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable, as specified in the applicable Pricing Supplement, upon request as described therein, in whole but not in part, for definitive Notes either upon not less than 60 days' written notice to the Agent or only upon the occurrence of an Exchange Event, each as described in "Form of the Notes" below. Any interest in a Global Note (as defined below under "Form of the Notes") will be transferable only in accordance with the rules and procedures for the time being of the clearing system or clearing systems with which it is deposited.

Secured Notes and Unsecured Notes	The Notes may be either Secured Notes or Unsecured Notes as specified in the applicable Pricing Supplement. Unsecured Notes will not have the benefit of any Security Interest. For further information on Secured Notes, see <i>Secured Notes Characteristics</i> below.
Fixed Rate Notes	Interest on Fixed Rate Notes will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Pricing Supplement) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes	<p>Floating Rate Notes will bear interest at a rate determined 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 ISDA Definitions (being the 2006 ISDA definitions as published by the International Swaps and Derivatives Association, Inc., as amended or supplemented from time to time or if the Calculation Agent determines this is appropriate by reference to the hedging arrangements for the relevant series of Notes, any successor definitional booklet to the 2006 ISDA Definitions as supplemented from time to time for interest rate derivatives) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (in each case as indicated in the applicable Pricing Supplement).</p> <p>The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each issue of Floating Rate Notes.</p>
Other provisions in relation to Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes	Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.
Status of the Notes	The Notes will constitute direct, unconditional, unsubordinated and,

unsecured or, in the case of Secured Notes only, secured obligations of the relevant Issuer and shall at all times rank *pari passu* and without prejudice among themselves and (subject as aforesaid and save for exceptions as may be provided by applicable legislation) at least equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding.

Status of the Guarantee	The relevant Issuer’s payment and/or delivery obligations will be unconditionally and irrevocably guaranteed by the Guarantor under the Guarantee (as described below). The Guarantee of the Notes constitutes direct, unconditional, unsubordinated and unsecured obligations of the Guarantor pursuant to the terms and conditions and subject to the limitations set out in the Guarantee which will rank at all times at least <i>pari passu</i> without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law.
Changes of Interest or Redemption/Payment Basis	Notes may be converted from one Interest or Redemption/Payment basis to another if so provided in the applicable Pricing Supplement.
Dual Currency Notes	Payments of principal in respect of Dual Currency Redemption Notes or interest in respect of Dual Currency Interest Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).
Foreign Exchange Linked Notes.....	Payments of principal in respect of Foreign Exchange Linked Redemption Notes or of interest in respect of Foreign Exchange Linked Interest Notes will be calculated by reference to such variations in currency exchange rates as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index or basket of indices and/or such formula or such changes in the price of securities or commodities or such other factors except variations in currency exchange rates as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).
Zero Coupon Notes.....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Equity Linked Notes	Equity Linked Redemption Notes and Equity Linked Interest Notes will provide for the payment of amounts and/or the delivery of assets (other than cash) in respect of principal or interest, as the case may be, calculated by reference to a single equity security or a basket of equity securities, in each case, on such terms as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Pricing Supplement.
Credit Linked Notes.....	Credit Linked Notes will provide for the payment of amounts and/or the delivery of obligations in respect of interest or principal as linked to the creditworthiness or occurrence of one or more credit-related events in relation to one or more legal persons, sovereign states or other entities set out, in each case, as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Pricing Supplement.

Exchangeable Notes	Exchangeable Notes are redeemable by delivery of shares or other securities, or a combination of such shares or securities and cash, on such terms as are indicated in the applicable Pricing Supplement.
Other Notes.....	Notes with respect to which payment of principal and/or interest is linked to any other source not referred to above will be issued on such terms as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Pricing Supplement.
Redemption.....	<p>The Pricing Supplement relating to each Tranche of Notes will set out the basis of redemption in respect of such Tranche and may indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons, or upon a regulatory event or following an Event of Default) or that such Notes will be redeemable (a) at the option of the relevant Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or, as the case may be, the relevant Issuer on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement and/or (b) at the sole option of the relevant Issuer on not less than 5 Business Days' irrevocable notice of request to redeem having been given by Noteholders and at a price determined pursuant to Condition 6.</p> <p>The applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p> <p>Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See "<i>Certain Restrictions</i>" above.</p>
Denomination of Notes.....	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See " <i>Certain Restrictions</i> " above.
Taxation.....	<p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Italy (in the case of payments by the Guarantor) or Luxembourg (in the case of payments by the Issuers), subject as provided in Condition 6. In the event that any such deduction is made the relevant Issuer (or as the case may be, the Guarantor) will, save in limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>All payments of principal and interest in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 6.</p>
Cross Default	The Notes will contain a cross default provision relating to the indebtedness in respect of money borrowed by the relevant Issuer, the Guarantor and Mediobanca International (Luxembourg) S.A., all as described in Condition 13(v).
Listing and Trading	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the

Luxembourg Stock Exchange's Euro MTF Market.

The Notes may also be listed, quoted and/or traded on or by such other or further stock exchange(s), (other than in respect of an admission to trading on any market in the EEA (which, for these purposes, includes the United Kingdom) which has been designated as a regulated market of the purposes of the Prospectus Regulation) as may be agreed between the relevant Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Pricing Supplement relating to each Tranche of Notes will state whether or not and, if so, on which stock exchange(s), the Notes are to be listed.

Governing Law The Notes and the Guarantee (and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee) will be governed by and construed in accordance with English law.

Articles 84 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended are not applicable to the Notes.

Selling Restrictions There are specific selling restrictions in relation to the United States and the EEA (including Italy, Luxembourg and the United Kingdom). In connection with the offering and sale of a particular Tranche of Notes additional or alternative restrictions may be imposed which will be set out in the applicable Pricing Supplement. See "Subscription and Sale" below.

Secured Notes Characteristics See below. The remaining sections only apply in relation to Secured Notes.

Security (Secured Notes only) The relevant Issuer will grant to the Security Trustee the following security to secure its obligations under the Notes and the Charged Agreement(s) in each case, save to the extent the relevant asset or right is charged under an Additional Charging Document:

- (a) A first fixed charge over and a first ranking assignment by way of security of all of the relevant Issuer's rights, title and/or interests (the **Issuer's Rights**) in, to and under the Collateral Assets; and
- (b) a first ranking assignment by way of security of all of the Issuer's Rights under each Charged Agreement(s), each Additional Charged Agreement and the Issuer's Rights under the Agency Agreement in respect of such Notes.

The applicable Pricing Supplement will specify (i) the Charged Agreement(s), being a Transfer Agreement entered into together, if applicable, with a Credit Support Document (ii) any Additional Charged Agreement, and (iii) whether any other security interest will be created under the Security Trust Deed and/or under an Additional Charging Document.

Charged Agreement(s) (Secured Notes only) Where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement then the Charged Agreement(s) in respect of each Series of Notes will be a transfer agreement entered into between the relevant Issuer and the Counterparty and, if applicable, the Credit Support Document, each as described below. The purpose of the transfer agreement may be to allow the relevant Issuer to perform its scheduled obligations under the Notes and in order to collateralise the Counterparty's obligations under the transfer agreement, the transfer agreement may be supplemented by a Credit Support Document. Under the terms of any such Credit Support Document, the Counterparty shall, *inter alia*, deliver Collateral Assets

to the relevant Issuer, and, as applicable, the relevant Issuer shall re-deliver Collateral Assets to the Counterparty on the basis of the valuation of the existing Collateral Assets and the Notes.

Collateral Assets (Secured Notes only)	The collateral under the Charged Agreement(s) may be: (a) loans; (b) cash (c) bonds or notes listed on a regulated market; (d) shares listed on a regulated market; (e) shares, units or other interests in a UCITS fund; and/or (f) other assets, as more fully described in the applicable Pricing Supplement.
Adjustment of Collateral Assets	The terms of the Notes may provide that the Collateral Assets may be adjusted in accordance with the terms of Condition 11 (<i>Adjustment of Collateral Assets</i>) and/or the Charged Agreement(s). Such adjustment will be as specified in the applicable Pricing Supplement and/or the Charged Agreement(s) and may be in whole or in part and may be for cash or other assets. Such adjustment will be as specified in the applicable Pricing Supplement and may be in whole or in part and may be for cash or other assets. Such adjustment may involve the relevant Issuer or Counterparty topping up, removing, maintaining and/or substituting Collateral Assets and this may diminish or have an adverse effect on the value of the Collateral Assets in some circumstances.
Security Trustee (Secured Notes only)	BNP Paribas Trust Corporation UK Limited.
Custodian (Secured Notes only)	BNP Paribas Securities Services, Luxembourg branch, or any other Custodian as specified in the applicable Pricing Supplement. The Custodian will be appointed pursuant to the terms of a Custody Agreement.
Account Bank (Secured Notes only)	BNP Paribas Securities Services, Luxembourg branch, or any other Account Bank as specified in the applicable Pricing Supplement. The Account Bank will be appointed pursuant to the terms of an Account Bank Agreement.

DESCRIPTION OF THE SECURITY AND COLLATERAL ASSETS

Notes may be either Secured Notes or Unsecured Notes as specified in the applicable Pricing Supplement. If the Notes are Secured Notes, the relevant Issuer will grant to the Security Trustee the following security to secure its obligations under the Notes and any Charged Agreement(s) in each case, save to the extent the relevant asset or right is charged under an Additional Charging Document (i) a first fixed charge and a first ranking assignment by way of security of all of the relevant Issuer's rights, title and/or interests (the **Issuer's Rights**) in, to and under the Collateral Assets; and (ii) a first ranking assignment by way of security of all of the Issuer's Rights under each Charged Agreement, each Additional Charged Agreement and the Agency Agreement in respect of such Notes.

The Initial Collateral Assets and the Eligible Collateral (where applicable) will be specified in the applicable Pricing Supplement and may comprise any of loans, cash, debt securities listed on a regulated market, equity securities listed on a regulated market and/or shares, units or other interests in a UCITS fund, or other assets.

Where the Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement, the relevant Issuer or the Charged Agreement(s) in respect of each Series of Notes will be a swap agreement, repurchase agreement or sale and purchase agreement entered into between the relevant Issuer and the Counterparty and, if applicable, a Credit Support Document, each as described below. The purpose of the swap agreement, repurchase agreement or sale and purchase agreement (referred to as the Transfer Agreement) may be to allow the relevant Issuer to perform its scheduled obligations under the Notes, all as described more fully in the applicable Pricing Supplement. If so specified in the applicable Pricing Supplement the relevant Issuer and the Counterparty may enter into a Credit Support Document under which the relevant Issuer and/or the Counterparty will collateralise its obligations in respect of the Transfer Agreement. In respect of certain Series of Notes the relevant Issuer and the Counterparty may each appoint one or more agents to perform certain custodial and administrative functions relating to their obligations under the Transfer Agreement or the Credit Support Document, or the Collateral Assets as applicable. If applicable an Additional Charged Agreement may be specified in the Pricing Supplement.

Adjustment of Collateral Assets

The terms of the Notes may provide that the Collateral Assets may be adjusted in accordance with the terms of Condition 11 (*Adjustment of Collateral Assets*). Such adjustment will be as specified in the applicable Pricing Supplement and may be in whole or in part and may be for cash or other assets. Such adjustment may involve the relevant Issuer topping up, removing, maintaining and/or substituting Collateral Assets and this may diminish or have an adverse effect on the value of the Collateral Assets in some circumstances.

In respect of certain Series of Notes the relevant Issuer may appoint one or more agents to perform certain custodial and administrative functions relating to the Collateral Assets.

The Collateral Assets in respect of the Notes will comprise one or more of the following assets:

Loans

Loan(s) to one or more borrowers.

Cash

Cash in a stipulated currency and amount.

Debt securities

Debt securities listed on a regulated market.

Equity securities

Equity securities listed on a regulated market.

Shares, units or interests in a UCITS Fund

Shares, units or interests in a UCITS Fund.

FORM OF THE NOTES

Each Tranche of Notes will either be initially represented by a Temporary Global Note (without receipts, interest coupons or talons) or, if agreed between the relevant Issuer and the relevant Dealer or Dealers, be represented by a Permanent Global Note (together with the Temporary Global Note, the **Global Notes**) which, in either case, unless otherwise agreed between the relevant Issuer and the relevant Dealer or Dealers, will:

- (a) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and/or Clearstream, Luxembourg will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Any reference in this section "*Form of the Notes*" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the relevant Issuer, the relevant Dealer and the Agent. Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it/they has/have received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after the date on which a Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (provided that, if it is a Partly Paid Note (as described below), all instalments of the subscription moneys due before the date of such exchange have been paid) (free of charge) as described therein either for interests in a Permanent Global Note (without receipts, interest coupons or talons) or for security printed definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case against certification of beneficial ownership as described above unless such certification has already been given as described above. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement, the Agent shall arrange, unless otherwise instructed by the relevant Issuer, that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche. The end of such period (and the common code and ISIN thereafter applicable to the Notes of the relevant Series) will be notified by the Agent to the relevant Issuer and the relevant Dealer.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the relevant Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

If in respect of any Note any amount of principal and/or interest is to be settled by the delivery of an asset other than by the payment of cash, the relevant provisions dealing with such delivery will be set out in the applicable Pricing Supplement.

A Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, an **Exchange Event** means that (i) an Event of Default (as defined in Condition 12) has occurred and is continuing, (ii) the relevant Issuer or, the Guarantor, have been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer or the Guarantor, have or will become obliged to pay additional amounts as provided for or referred to in Condition 6 which would not be required were the Notes represented by the Permanent Global Note in definitive form. The relevant Issuer or the Guarantor, will promptly give notice to Noteholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer or the Guarantor, may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 60 days after the date of the first relevant notice received by the Agent.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

Where TEFRA D is specified in the applicable Pricing Supplement, the following legend will appear on all Permanent Global Notes, definitive Notes, receipts, interest coupons and talons, unless otherwise agreed between the relevant Issuer and the relevant Dealer:

“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 provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his securities account with Euroclear and/or Clearstream, Luxembourg, as the case may be, gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, such Global Note will become void. At the same time, holders of interests in such Global Note credited to their account with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of the Deed of Covenant (as defined below).

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note and which will be endorsed upon (or, if permitted by the relevant stock exchange and agreed between the relevant Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Pricing Supplement in relation to any Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions of the Notes, replace or modify the following Terms and Conditions of the Notes for the purpose of such Notes. The applicable Pricing Supplement will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Pricing Supplement" below for a description of the content of Pricing Supplement which will include the definitions of certain terms used in the following Terms and Conditions of the Notes.

This Note is one of a series of Notes issued by either MB Funding Lux S.A or Mediobanca International (Luxembourg) S.A., as specified in the applicable Pricing Supplement (each an **Issuer** and together the **Issuers**) pursuant to the Agency Agreement (as defined below). The Notes will be **Secured Notes** or **Unsecured Notes** as specified in the applicable Pricing Supplement. References herein to the **Notes** shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a Global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement dated 4 December 2020 (as amended, supplemented and/or restated from time to time, the **Agency Agreement**) and made among the Issuers, Mediobanca - Banca di Credito Finanziario S.p.A (**Mediobanca** or the **Guarantor**) and BNP Paribas Securities Services, Luxembourg branch as issuing agent, principal paying agent and agent bank (the **Agent**). Further party(ies) may be appointed pursuant to the Agency Agreement in relation to a Series of Notes as Liquidation Agent (the **Liquidation Agent**), other paying agents (together with the Agent, the **Paying Agents**), the calculation agent (the **Calculation Agent**) and the settlement agent (the **Settlement Agent**). In addition, the Issuers and BNP Paribas Securities Services, Luxembourg branch have each entered into a Luxembourg law-governed Custody Agreement (each a **Custody Agreement** and together, the **Custody Agreements**) and Account Bank Agreement (each an **Account Bank Agreement** and together, the **Account Bank Agreements**) pursuant to which BNP Paribas Securities Services, Luxembourg branch is appointed as Custodian (the **Custodian**) and Account Bank (the **Account Bank**) respectively. References to the terms Agent, Paying Agents, Calculation Agent, Liquidation Agent, Custodian, Account Bank and Settlement Agent shall include any additional or successor agents in such capacity.

The Pricing Supplement may specify details of any Transfer Agreement, Credit Support Document, or Additional Charged Agreement and details of any relevant Counterparty. Where such agreements or entity are not so specified in the Pricing Supplement then any references in these Conditions to those agreements or entity will be deemed not to apply.

Notes will be issued with the benefit of a guarantee from Mediobanca pursuant to a deed of guarantee dated 4 December 2020 (as amended, supplemented and/or restated from time to time, the **Guarantee** or **Deed of Guarantee**) and executed by Mediobanca.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (**Coupons**) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to **Noteholders** shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The Pricing Supplement applicable to this Note is attached hereto or incorporated herein and supplements these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note, provided that, where such Notes are to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, such variations to the Conditions shall not entail the creation of a product not envisaged by the Conditions.

References herein to the **applicable Pricing Supplement** are to the Pricing Supplement attached hereto or incorporated herein.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective nominal amounts, Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of a deed of covenant dated 4 December 2020 (as amended, supplemented and/or restated from time to time, the **Deed of Covenant**) and executed by the Issuers. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and any other additional or alternative clearing system as specified in the applicable Pricing Supplement and the original of the Guarantee is held by the Agent at its specified office for the time being.

The obligations of the relevant Issuer under the Notes are secured by a security trust deed dated 4 December 2020 (the **Programme Trust Deed**) between the Issuers, BNP Paribas Trust Corporation UK Limited (the **Security Trustee**, which expression shall include any successor security trustee) and Mediobanca as the initial Counterparty as supplemented by a supplemental trust deed (the **Supplemental Trust Deed**) dated the Issue Date in respect of the first Tranche as specified in the applicable Pricing Supplement between the Issuers, the Security Trustee and any other party specified therein and together constituting the security described below in respect of the Notes (the Programme Trust Deed and the Supplemental Trust Deed being hereinafter referred to as the **Security Trust Deed**). Notes will be **Secured Notes** or **Unsecured Notes** as specified in the applicable Pricing Supplement.

Copies of the Agency Agreement, the Custody Agreements, the Account Bank Agreements, the Guarantee, the Programme Security Trust Deed, the applicable Pricing Supplement and the Deed of Covenant are available for inspection at the specified offices of each of the Agent and the other Paying Agents save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deed of Covenant, the Agency Agreement, the relevant Custody Agreement, the relevant Account Bank Agreement, the Guarantee and the applicable Pricing Supplement which are binding on them.

References in these Conditions to the Issuer or relevant Issuer will be construed accordingly.

Any reference in these Conditions to the Account Bank Agreement or the Custody Agreement shall be construed as a reference to the Account Bank Agreement or the Custody Agreement entered into by the relevant Issuer.

In these Conditions, any reference to a statute or regulation shall be construed as a reference to such statute or regulation as the same may have been, or may from time to time be, amended or re-enacted.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

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

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Dual Currency Redemption Note, a Foreign Exchange Linked Interest Note, a Dual Currency Interest Note, an Index Linked Redemption Note, an Index Linked Interest Note, a Zero Coupon Note, a Foreign Exchange Linked Redemption Note, an Equity

Linked Redemption Note, an Equity Linked Interest Note, a Credit Linked Note, an Exchangeable Note or any Other Note, depending upon the interest or redemption/payment basis specified in the applicable Pricing Supplement, and the appropriate provisions of these Conditions will apply accordingly.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes or Notes without any interest amounts payable thereunder in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The relevant Issuer, the Guarantor, the Agent, any Paying Agent and the Settlement Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV(**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, any Paying Agent and the Settlement Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor, any Paying Agent and the Settlement Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly). Notes which are represented by a Global Note held by a common depositary or a common safekeeper for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the relevant Issuer and the Agent and specified in the applicable Pricing Supplement.

2. Status of the Notes and the Guarantee

(a) Status of the Notes

The Notes and the relative Receipts and Coupons are direct, unconditional, unsubordinated and, unsecured or, in the case of Secured Notes only, secured obligations of the relevant Issuer and shall at all times rank *pari passu* and without preference among themselves and (subject as aforesaid and save for such exceptions as may be provided by applicable legislation) at least equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding.

(b) Status of the Guarantee

The Guarantee of the Notes constitutes direct, unconditional, unsubordinated and unsecured obligations of the Guarantor pursuant to the terms and conditions and subject to the limitations set out in the Guarantee which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law.

3. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

Except where a Fixed Coupon Amount or a Broken Amount is specified in the applicable Pricing Supplement, such interest shall be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Pricing Supplement:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **30/360** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Fixed Interest Period divided by 360;

In the Conditions:

Business Day means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Pricing Supplement; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney, and if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland) or (2) in relation to any sum payable in euro, a day on which the Trans-European

Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) or any successor thereto is open.

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

Fixed Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) Interest on Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note and Foreign Exchange Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below and in Condition 5(f)(Redemption or adjustment for an Administrator/Benchmark Event), be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate 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 swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions (as defined below) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), **Floating Rate, calculation agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this Condition 3(b), **ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, (**ISDA**), as amended or supplemented from time to time (the **2006 Definitions**), provided that if the Calculation Agent determines this is appropriate by reference to the hedging arrangements for the relevant series of Notes, ISDA Definitions will mean any successor definitional booklet to the 2006 Definitions as supplemented from time to time for interest rate derivatives, all as determined as of the date of the relevant determination under this Condition. Investors should consult the Issuer if they require a copy of these definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below and in Condition 3(c) (*Benchmark Replacement*), Condition 3(d) (*U.S. dollar LIBOR replacement*) and in Condition 5(f)(Redemption or adjustment for an Administrator/Benchmark Event), be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded, if necessary, to the sixth decimal place, with 0.0000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such

quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. Unless otherwise specified in the Pricing Supplement, the Minimum Interest Rate shall be deemed to be zero.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. Unless otherwise specified, the Rate of Interest shall be rounded to six decimal places, with 0.0000005 being rounded up. The Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (being, in the case of amount payable in euro or U.S. dollars, cents, in the case of amount payable in pounds sterling, pence and, in the case of amount payable in Japanese Yen, yen), half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, an Index Linked Interest Note or a Foreign Exchange Linked Interest Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding. Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 3(b):

- (A) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (C) if **Actual/365 (Sterling)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (D) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (E) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

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

- (F) if **30E/360** or **Eurobond Basis** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

- (G) if **30E/360 (ISDA)** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D₂ will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, the Guarantor and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 18 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange, competent listing authority and/or quotation system (if required) on which the relevant Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes are for the time being listed, quoted and/or traded and to the Noteholders in accordance with Condition 18. For the purposes of this paragraph, the expression **London Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b), by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor, the Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Benchmark replacement**

Notwithstanding the provisions in Condition 3(b)(ii)(B) (*Screen Rate Determination for Floating Rate Notes*), if the Issuer (in consultation with the Calculation Agent (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s))) determines a Reference Rate Fallback Event has occurred, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply:

- (1) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate (as defined below) or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an Alternative Benchmark Rate and, in either case, an alternative screen page or source (the **Alternative Relevant Screen Page**) and an Adjustment Spread (if applicable) no later than 3 Business

Days prior to the Interest Determination Date relating to the next succeeding Interest Period (as applicable) (the **IA Determination Cut-off Date**) for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(c));

- (2) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date in accordance with sub-paragraph (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; *provided however that* if this sub-paragraph (2) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (2), then the Reference Rate applicable to such Interest Period shall be equal to the Reference Rate for a term equivalent to the Relevant Interest Period published on the Relevant Screen Page as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the margin relating to that last preceding Interest Period). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 3(c);
- (3) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page shall be the benchmark and the Relevant Screen Page in relation to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(c));
- (4) if the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that (A) an Adjustment Spread is required to be applied to the Successor Rate or Alternative Benchmark Rate and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of a relevant Interest Rate and Interest Amount(s) (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate. If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Benchmark Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 3(c). No Noteholder consent shall be required in connection with effecting the Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Paying Agents (if required));
- (5) if a Successor Rate or an Alternative Benchmark Rate and/or Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or the Issuer (as the case may be), may also specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate and/or Adjustment

Spread, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(c)); and

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

For the purposes of this Condition 3(c):

Adjustment Spread means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Benchmark Rate (as applicable) and is the spread, formula or methodology which:

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

Alternative Benchmark Rate means such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate.

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

Reference Rate Fallback Event means:

- (i) 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
- (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Reference Rate (as applicable) that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

- (v) a public statement by the supervisor of the administrator of the relevant Reference that, in the view of such supervisor, (i) such Reference Rate is no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has or will become unlawful for the Calculation Agent or the Issuer 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, if applicable).

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

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

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

(d) U.S. dollar LIBOR replacement

- (1). *Benchmark Replacement.* Notwithstanding the provisions in Condition 3(b)(ii)(B) (*Screen Rate Determination for Floating Rate Notes*), if the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (2). *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (3). *Decisions and Determinations.* Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 3(d) (*U.S. dollar LIBOR replacement*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.
- (4). *Certain Defined Terms.* As used in this Condition 3(d) (*U.S. dollar LIBOR replacement*):

Benchmark means, initially, U.S. dollar LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. dollar LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

Benchmark Replacement means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;

- (iii) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;
- (v) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

Benchmark Replacement Adjustment means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

Benchmark Replacement Conforming Changes means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" when such tenor is longer, shorter than or equal to the Interest Period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

Benchmark Replacement Date means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

Benchmark Transition Event means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the

Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

Compounded SOFR means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with clause (i) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

Corresponding Tenor with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

Federal Reserve Bank of New York's Website means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

Interpolated Benchmark with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

ISDA Fallback Adjustment means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

ISDA Fallback Rate means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

Reference Time with respect to any determination of the Benchmark means (1) if the Benchmark is U.S. dollar LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (2) if the Benchmark is not U.S. dollar LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

Relevant Governmental Body means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

SOFR with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

Term SOFR means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

Unadjusted Benchmark Replacement means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(e) Interest on Dual Currency Interest Notes, Equity Linked Interest Notes, Credit Linked Notes and Other Notes

Any rate of interest payable in respect of Dual Currency Interest Notes, Equity Linked Interest Notes, Credit Linked Notes and Other Notes shall be determined in the manner specified in the applicable Pricing Supplement. Except as provided in the applicable Pricing Supplement, the amount of interest payable should be rounded to the nearest sub-unit of the relevant Specified Currency (being, in the case of amounts payable in euros or U.S. dollars, cents and in the case of amounts payable in pounds sterling, pence), half of any such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

(f) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(g) Accrual of Interest

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused or delivery of any asset in respect thereof is improperly withheld or refused. In such event, interest will continue to accrue until the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid and/or all assets in respect of such Note have been delivered; and
- (2) five days after the date on which the full amount of the monies payable in respect of such Note has been received by the Agent and/or all assets in respect of such Note have been received by the Settlement Agent and notice to that effect has been given to the Noteholders in accordance with Condition 18 or individually.

4. Payments and Deliveries

(a) Method of Payment

Subject as provided below:

- (i) payments in respect of definitive Notes in a Specified Currency other than euro will be made at the option of the bearer either by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and, if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland); and
- (ii) payments in respect of definitive Notes in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made, at the option of the bearer of the Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by credit or transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. Subject as provided below, no payment in respect of any definitive Note or Coupon will be made upon presentation and surrender of such definitive Note or Coupon at any office or agency of the Issuer or any Paying Agent in the United States, nor will any such payment be made by transfer to an account, or by mail to an address, in the United States.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant definitive Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains, against which the amount payable in respect of the relevant instalment will be paid. Unmatured Receipts and Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the relevant Issuer. Upon the date on which any definitive Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Equity Linked Notes, Index Linked Notes, Credit Linked Notes, Foreign Exchange Linked Notes or Other Notes) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 6) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Equity Linked Note, Index Linked Note, Credit Linked Note, Foreign Exchange Linked Notes or Other Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant definitive Note.

(c) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note against, where applicable, presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States, subject as provided below. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by such Paying Agent or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(d) General Provisions applicable to Payments

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to Condition 6(a), (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code (**871(m) Withholding**). In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Notes, the relevant Issuer shall be entitled to withhold on any “dividend equivalent” (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer and the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer or the Guarantor, to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the relevant Issuer or the Guarantor, in respect of any payments due in respect of that Global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and/or interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia; its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the relevant Issuer and the Guarantor, have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment in U.S. dollars of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer and the Guarantor, adverse tax consequences to the relevant Issuer or the Guarantor.

(e) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, **Payment Day** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of definitive Notes only, the relevant place of presentation; and
 - (B) each Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and, if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System (or any successor thereto) is open.

(f) Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) the Buy Back Price(s) and Extra-Yield(s) (in each case, if any) of the Notes;
- (vi) in relation to Instalment Notes, the Instalment Amounts;
- (vii) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (viii) any premium and any other amounts (other than interest) which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6.

(g) Deliveries

If, in respect of any Note, any amount of principal and/or interest is to be settled by the delivery of an asset other than by the payment of cash, the relevant provisions dealing with such delivery will be set out in the applicable Pricing Supplement.

5. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

If Redemption for Tax Reasons is specified as applicable in the Pricing Supplement the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes, Foreign Exchange Linked Interest Notes and Dual Currency Interest Notes) or (unless otherwise specified in the applicable Pricing Supplement) on any Interest Payment Date (in the case of Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes, Foreign Exchange Linked Interest Notes and Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Pricing Supplement) to the Noteholders in accordance with Condition 18 (which notice shall be irrevocable), if:

- (i) the relevant Issuer (or the Guarantor, as the case may be) (A) has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (Taxation) or (B) has or will become subject to an additional amount of national income taxes (and/or, in the case of Mediobanca, regional tax on productive activities – IRAP) due to partial or entire limitation to the deductibility of any payments under the Notes, in either case as a result of (1) any change in, or amendment to, the laws or regulations of Luxembourg or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of the relevant Issuer) or the Republic of Italy or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca), or (2) any change in the application or official interpretation of such laws or regulations, or (3) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or

regulations) (for purposes of this definition, an **Administrative Action**), or (4) any clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the generally accepted position, in each case by any legislative body, court, governmental, administrative or regulatory authority or body, irrespective of the manner in which such clarification or change is made known, which change, amendment, Administrative Action or clarification becomes effective on or after the Issue Date, and

- (ii) such obligations/limitations under (i)(A) and (B) above cannot be avoided by the relevant Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it which (x) do not require the Issuer (or the Guarantor, as the case may be) to incur material out-of-pocket expenses and (y) would not otherwise be disadvantageous to the relevant Issuer or the Guarantor, as determined in their discretion; **provided that** in the case under (A) above no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then be due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the relevant Issuer shall deliver to the Agent a certificate signed by a director of that Issuer (or the Guarantor, as the case may be) stating that such Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer (or the Guarantor, as the case may be) so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that there is more than an unsubstantial risk that the relevant Issuer (or the Guarantor, as the case may be) (A) has or will become obliged to pay such additional amounts or (B) has or will become subject to an additional amount of taxes, as indicated above, due to limitation of the deductibility of payments under the Notes as a result of such change, amendment, Administrative Action or clarification.

Each Note redeemed pursuant to this Condition 5(b) will be redeemed at its Early Redemption Amount referred to in paragraph (g) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the relevant Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice (or such other period of notice as specified in the applicable Pricing Supplement) to the Noteholders in accordance with Condition 18; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) (or such other period of notice as may be agreed between the relevant Issuer and the Agent), notice to the Agent;

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than any Minimum Redemption Amount and not more than any Maximum Redemption Amount indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 18 at least five days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 18 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), the relevant Issuer will, upon the expiry of such notice, redeem (subject to, and in accordance with, the terms specified in the applicable Pricing Supplement) in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. The exercise of an Investor Put may be subject to the satisfaction of certain conditions and/or circumstances. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary, or common safekeeper, as the case may be, or common service provider for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where prior to the due date of redemption an Event of Default (as defined in Condition 12) shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this paragraph (d) and instead to declare such Note forthwith due and payable pursuant to Condition 8.

(e) Redemption upon a Regulatory Event

If "Redemption upon a Regulatory Event" is specified as applicable in the Pricing Supplement, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, any time, on giving not less than 30 nor more than 60 days' notice (or such other period of notice as set out in the applicable Pricing Supplement) to Noteholders in accordance with Condition 18 (which notice shall be irrevocable), in the event that a change in applicable law or regulation occurs that results, or will result, solely by reason of the Notes being outstanding, in the relevant Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the relevant Issuer to be materially onerous to it.

Each Note redeemed pursuant to this Condition 5(e) will be redeemed at its Early Redemption Amount referred to in paragraph (g) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(f) Redemption or adjustment for an Administrator/Benchmark Event

In the event that an Administrator/Benchmark Event occurs, the relevant Issuer may (at its option):

- (i) instruct the Calculation Agent to make such adjustment(s) to the Conditions of the Notes as it may determine appropriate to account for the relevant event or circumstance and, without limitation, such adjustments may (a) consist of one or more amendments and/or be made on one or more dates (b) be determined by reference to any adjustment(s) in respect of the relevant event or circumstance made in relation to any hedging arrangements in respect of the Notes and (c) include selecting a successor benchmark(s) and making related adjustments to the Conditions of the Notes, including where applicable to reflect any increased costs of the relevant Issuer providing such exposure to the successor

benchmark(s), and, in the case of more than one successor benchmark, making provision for allocation of exposure as between the successor benchmarks; or

- (ii) having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with Condition 18 (which notice shall be irrevocable), on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount as defined in 5(g) below.

For the avoidance of doubt, the above is additional, and without prejudice, to any other terms of the Notes. In the event that under any such terms any other consequences could apply in relation to an event or occurrence the subject of an Administrator/Benchmark Event, the relevant Issuer shall determine which terms shall apply in its sole and absolute discretion.

For the purposes of this Condition 5(f):

Administrator/Benchmark Event means the Calculation Agent determines that (1) a Benchmark Modification or Cessation Event has occurred or will occur or (2) any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of a Relevant Benchmark or the administrator or sponsor of a Relevant Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the relevant Issuer or the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Relevant Benchmark to perform its or their respective obligations under the Notes or (3) it is not commercially reasonable to continue the use of the Relevant Benchmark in connection with the Notes as a result of any applicable licensing restrictions or changes in the cost of obtaining or maintaining any relevant licence (including, without limitation, where the relevant Issuer, the Calculation Agent or any other entity is required to hold a valid licence in order to issue or perform its obligations in respect of the Notes and for any reason such licence is either not obtained, not renewed or is revoked or there is a material change in the cost of obtaining or renewing such licence).

Benchmark Modification or Cessation Event means, in respect of the Relevant Benchmark any of the following:

- (i) any material change in such Relevant Benchmark; or
- (ii) the permanent or indefinite cancellation or cessation in the provision of such Relevant Benchmark.

BMR means the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time.

Relevant Benchmark means any figure or rate where any amount payable or deliverable under the Notes, or the value of the Notes, is determined by reference in whole or in part to such figure, all as determined by the Calculation Agent.

(g) Early Redemption Amounts

For the purpose of paragraphs (b), (e) above and (f) above and Condition 12, each Note will be redeemed at its Early Redemption Amount specified in the applicable Pricing Supplement or, if not so specified, calculated as follows:

- (i) in the case of a Note (other than an Equity Linked Redemption Note or Index Linked Redemption Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Equity Linked Redemption Note, Index Linked Redemption Note, Credit Linked Note, Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less than or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) equal to the sum of:

(A) the Reference Price; and

(B) 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 such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or on such other calculation basis as may be specified in the applicable Pricing Supplement.

(h) Instalment Notes

Instalment Notes (as defined in the applicable Pricing Supplement) will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(i) Partly Paid Notes

Partly Paid Notes (as defined in the applicable Pricing Supplement) will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(j) Purchases

The relevant Issuer, the Guarantor or any Subsidiary may purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer, surrendered to any Paying Agent for cancellation.

Subsidiary for the purposes of this Condition 5(k) means any company which is a subsidiary (as defined in Section 736 of the Companies Act 1985) of the relevant Issuer or the Guarantor.

(k) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (j) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

(l) Specific Buy Back Provisions

If Specific Buy Back Provisions are specified as applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the relevant Issuer not less than 5 Business Days' notice in accordance with Condition 18 (which notice shall be irrevocable) to early redeem the Note before its scheduled maturity, the relevant Issuer may, at its sole option, upon the expiry of such notice, redeem in whole or in part such Note paying an amount that can be less than par and that is linked to the Market Value of the Underlying Transactions at that moment, together, if appropriate, with any accrued but unpaid interest. As specified above, the relevant Issuer has the right, in its sole option, to reject the early redemption request and, in particular, if the relevant Issuer never replies to the notice, the relevant Issuer is deemed to have rejected the early redemption request.

If Specific Buy Back Provisions are specified as applicable in the applicable Pricing Supplement, prior to the Maturity Date the value of the Notes shall reflect and shall be calculated on the basis of the Market Value of the Underlying Transactions. The Calculation Agent may, from time to time, calculate the price of the Notes on the basis of the Market Value of the Underlying Transactions and, without prejudice to the relevant Issuer's obligation to pay the interest amounts and the redemption amounts on the Notes, in the event that a holder requests the relevant Issuer to repurchase the Notes held by it prior to their maturity, and

the relevant Issuer accepts such repurchase, the price of the Notes (the **Buy Back Price**) will be determined taking into consideration the Market Value of such Underlying Transactions.

The Specific Buy Back Provisions may apply only to Notes where Mediobanca and/or Mediobanca International (Luxembourg) S.A. are specified as Dealers and where the principal amount in respect of such Note is equal to, at least, Euro 100,000 (or its equivalent amount in the Specified Currency).

In addition, if Specific Buy Back Provisions are specified as applicable in the applicable Pricing Supplement, the relevant Issuer shall pay an additional remuneration (the **Extra-Yield**) on the Notes. More information on the composition of the remuneration (*unbundling*) shall be published by the relevant Issuer from time to time together with the composition of the Underlying Transactions as described below.

For the purpose of this Condition 5(m):

Buy-Back Price means the repurchase price of the Notes to be calculated by the Calculation Agent on the basis of the Market Value of the Underlying Transactions.

Market Value means the close-out amount of the Underlying Transactions, including the relevant bid/ask prices for all the Notes and for any possible funding arrangement and/or coupon swap, as determined by the Calculation Agent in a fair and commercially reasonable manner.

Underlying Transactions means any possible funding arrangement and/or coupon swap and/or any of the following funded or unfunded arbitrage-like financial transactions: (i) Cash-CDS Arbitrage, (ii) Index-Components Arbitrage, and/or (iii) General Funded Arbitrage, where:

Cash-CDS Arbitrage means:

Long (Short): Cash Instrument + Short (Long): Replicating CDS

where:

Cash Instrument means any debt obligation (including any obligation issued by the relevant Issuer) or basket of debt obligations, under security or loan format, with maturities and notionals that can be larger, respectively, than the Maturity Date and aggregate principal amount of the relevant Notes;

Replicating CDS means a credit default swap transaction having similar maturity and principal amount as the Cash Instrument, and having as a reference entity the Cash Instrument issuer or the Cash Instrument guarantor (including the relevant Issuer or the Guarantor or the relevant Issuer's parent or the relevant Issuer's affiliate), or, in the case of Cash Instruments that are asset backed obligations or credit linked obligations, any credit entity or any credit risk embedded in such Cash Instrument.

Index-Components Arbitrage means:

Long (Short): Credit Index + Short (Long): CDS Components

where:

Credit Index means any of the Markit credit default swaps indices, with maturities and notionals that can be larger, respectively, than the Maturity Date and aggregate principal amount of the relevant Notes, and any successor and/or replacement index thereof, including, for the avoidance of doubt, the Markit iTraxx® and Markit CDX™ indices, as selected by the Calculation Agent in its sole and absolute discretion. Credit Index may also be a portfolio of credit default swap tranches summing up to a full capital structure, i.e. summing up to any such Markit credit default swap index.

CDS Components means a basket of single-name credit default swap transactions having similar notional, maturity, coupons and reference entity as the components of the Credit Index. CDS Components may also be a portfolio of credit default swap tranches having similar maturity, aggregate notional, aggregate coupons and aggregate reference entities as the components of the Credit Index.

General Funded Arbitrage means:

Long (Short): Asset Instruments + Short (Long): Replicating Derivatives

where:

Asset Instruments means any asset title instrument (including funds or obligations, also asset-backed) linked to credit, rates, equities, commodities or currencies, with maturities and notionals that can be larger, respectively, than the Maturity Date and aggregate principal amount of the relevant Notes.

Replicating Derivatives means any hedging derivative contract with similar maturity and notional as the Asset Instruments, and having as underlying the Asset Instrument itself or any of its underlying financial instruments. For example: commodity certificate + future ("cash and carry arbitrage"), or convertible bond + CDS + equity option ("convertible arbitrage").

The Underlying Transactions will be selected from time to time by the Calculation Agent in its reasonable discretion and the relevant composition is subject to change during the life of the Notes. The composition of the Underlying Transactions (including any possible funding arrangement and/or coupon swap) shall be published from time to time by the relevant Issuer on the website www.mediobanca.com or on the website of the Luxembourg Stock Exchange or on any other means of publication, as specified in the applicable Pricing Supplement.

(m) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (g)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholder either in accordance with Condition 18 or individually.

(n) Equity Linked Redemption Notes

Provisions relating to the terms of any Equity Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Pricing Supplement.

(o) Credit Linked Notes

If the Pricing Supplement specifies that the Notes are Credit Linked Notes, the amount of principal and interest payable by the relevant Issuer in respect of such Notes, and the date of redemption of the Notes, is dependent on whether one or more credit events in respect of one or more reference entities, as specified in the applicable Pricing Supplement, has occurred. The specific provisions relating to the terms of any Credit Linked Notes, including the redemption thereof, will be set out in the applicable Pricing Supplement.

(p) Index Linked Redemption Notes

Provisions relating to the terms of any Index Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Pricing Supplement.

(q) Foreign Exchange Linked Redemption Notes

Provisions relating to the terms of any Foreign Exchange Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Pricing Supplement.

(r) Exchangeable Notes

In the case of Exchangeable Notes which are redeemable by delivery to the Settlement Agent of shares or other securities or a combination of such shares or securities and cash, a drawdown prospectus shall be prepared which shall set out the terms on which such Exchangeable Notes are issued and any relevant amendments to the Conditions.

(s) Additional Redemption Event

If “Additional Redemption Event” is specified as applicable in the Pricing Supplement, the Notes may be redeemed on any Additional Redemption Date at the option of (a) the relevant Issuer or (b) if specified in the Pricing Supplement, holders of 100 per cent of the Notes outstanding, in each case in whole, but not in part, any time, on giving not less than 15 not more than 30 days’ notice (or such other period of notice as set out in the applicable Pricing Supplement) in the case of (a) above to Noteholders or in the case of (b) above to the relevant Issuer, in each case in accordance with Condition 18 (which notice shall be irrevocable).

Each Note redeemed pursuant to this Condition 5(s) will be redeemed at its Additional Redemption Amount specified in the Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6. Taxation

(a) Gross Up

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the relevant Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on the account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Grand Duchy of Luxembourg or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of the relevant Issuer) or the Republic of Italy or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca), unless the withholding or deduction of such taxes, duties, assessments or governmental changes is required by law. In that event, the relevant Issuer or, as the case may be, the Guarantor will pay such additional amounts in respect of principal and interest as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) (A) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection (otherwise than merely by holding the Note, Receipt or Coupon) with (in the case of payments of principal and interest made by or on behalf of the relevant Issuer) the Grand Duchy of Luxembourg (including taxes imposed by the Luxembourg law of 23 December 2005) or (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) the Republic of Italy; or (B) with respect to any Note, Receipt or Coupon presented for payment in the Republic of Italy or the Grand Duchy of Luxembourg; or (C) for or on account of *imposta sostitutiva* pursuant to Decree No. 239, Legislative Decree No. 461 of 21 November 1997 (**Decree No. 461**) or related implementing regulations; or (D) in all circumstances in which the requirements and procedures of Decree No. 239 and related implementing rules have not been properly and promptly met or complied with (except where due to the actions or omissions of the relevant Issuer, the Guarantor or their agents); or (E) to, or to a third party on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement, including, but not limited to, a declaration of non-residence or other similar claim for exemption to the relevant taxing authority or intermediary/paying agent, but has failed to do so properly and promptly; or
- (ii) (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) to a holder who is a non-Italian resident or individual or legal entity which is resident in any country not allowing for an adequate exchange of information with the Italian tax authorities that is not included in the list set by Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented from time to time; or

- (iii) for any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or
- (iv) (in the case of payments of principal and interest made by or on behalf of Mediobanca) where withholding or deduction is required by law pursuant to Italian Presidential Decree No. 600 of 29 September 1973 (**Decree No. 600**); or
- (v) where such withholding or deductions is required (a) by an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, or (b) pursuant to Section 871(m) of the Code; or
- (vi) with respect to any Notes qualifying as "atypical" securities (*titoli "atipici"*) for Italian tax purposes subject to the regime provided for by Decree No. 512, for and on account of any withholding or deduction required by law pursuant to such decree; or
- (vii) in any case, where in the Pricing Supplement it is specified against the item entitled "*Taxation*" that "*Gross Up*" will not apply with respect to any Note, Receipt or Coupon pursuant to this Condition 6 (*Taxation*),

in each case without prejudice to the option of the relevant Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 5(b) (*Redemption for Tax Reasons*).

(b) Taxing Jurisdiction

If the relevant Issuer or the Guarantor (where applicable) becomes subject at any time to any taxing jurisdiction other than the Grand Duchy of Luxembourg or the Republic of Italy respectively, references in these Conditions to Luxembourg or Italy shall be construed as references to the Grand Duchy of Luxembourg or (as the case may be) the Republic of Italy and/or such other jurisdiction.

As used in these Conditions, **Relevant Date** in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 18 (*Notices*) that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation.

7. Prescription

The Notes, Receipts and Coupons (if any) will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of payments of principal and/or delivery of any asset) and five years (in the case of interest) after the Relevant Date therefor.

There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

8. Security

- (a) *Security*: If the Notes are Secured Notes then pursuant to the Security Trust Deed the relevant Issuer's obligations under the Notes and the Charged Agreement(s) will be secured by the following security, in each case save to the extent the relevant asset or right is charged under an Additional Charging Document:
 - (i) A first fixed charge and a first ranking assignment by way of security of all of the Issuer's Rights in, to and under the Collateral Assets; and
 - (ii) a first ranking assignment by way of security of all of the Issuer's Rights under each Charged Agreement, each Additional Charged Agreement and the Agency Agreement in respect of such Notes.
- (b) If the Notes are Secured Notes the applicable Pricing Supplement will specify (i) any Charged Agreement(s), being a Transfer Agreement entered into together, if applicable, with a Credit Support

Document (ii) any Additional Charged Agreement and (iii) whether any other security interest will be created under the Security Trust Deed and/or under an Additional Charging Document.

- (c) *Realisation of Mortgaged Property upon early redemption or Event of Default*: If the Security in relation to any of the Mortgaged Property becomes enforceable where the Notes are declared immediately due and payable pursuant to Condition 12 or otherwise as specified in the Pricing Supplement, the Security Trustee or, where permitted in accordance with Condition 14 (Disposal of Collateral Assets) the Liquidation Agent may in its discretion and, if requested by an Instructing Creditor, shall (in each case, subject to being indemnified and/or secured and/or prefunded to its satisfaction) realise such Mortgaged Property and/or take such action as may be permitted under applicable laws against any obligor in respect of such Mortgaged Property. The Security Trustee and Liquidation Agent will not have any liability as to the consequence of such action and will not have regard to the effect of such action on individual Noteholders or the Counterparty. On the occurrence of any such event, the Charged Agreement(s) may, if so provided therein, terminate in accordance with its or their terms.

9. Application of Proceeds

The Security Trust Deed provides for the application of the Realisation Amount in accordance with the relevant Security Ranking Basis specified below (following payment of (i) all amounts due to the Security Trustee and/or any receiver or other appointee under or pursuant to the Security Trust Deed, including any costs, expenses and taxes incurred in connection with enforcement or realisation in accordance with the Security Trust Deed and thereafter (ii) the Liquidation Agent in respect of its fees and expenses and thereafter (iii) all amounts due and unpaid to the Agent under clause 19 of the Agency Agreement).

Where Collateral Arrangements Only is specified as applying in the Pricing Supplement the **Security Ranking Basis** means the Realisation Amount will be applied first, in the meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis, and second, in paying any remaining amount to the relevant Issuer.

Where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement:

The applicable Pricing Supplement will specify the **Security Ranking Basis** in accordance with which the Realisation Amount will be applied being one of the following (or otherwise as specified in the applicable Pricing Supplement):

- (i) **Noteholder Priority Basis**, meaning first in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty under the Charged Agreement(s); or
- (ii) **Pari Passu Basis**, meaning in meeting the claims of the Noteholders and the Counterparty under the Charged Agreement(s) on a *pari passu* and *pro rata* basis; or
- (iii) **Counterparty Priority Basis**, meaning first, in meeting the claims of the Counterparty under the Charged Agreement(s) and, thereafter, in meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis.

For the avoidance of doubt, the Counterparty shall not have any claim in respect of the Issuer's Rights under the Charged Agreement(s). Where more than one Counterparty is specified in the Pricing Supplement then the Security Ranking Basis will be as specified in the Pricing Supplement.

10. Shortfall after Application of Proceeds

In the event that, following the application of the Realisation Amount in accordance with the applicable Security Ranking Basis, the amount payable to a Noteholder in respect of each Note held by him or her is less than the Early Redemption Amount together with any interest accrued to the date fixed for redemption (the difference being referred to as a **Shortfall**), the relevant Issuer (failing which, the Guarantor) shall remain liable for such Shortfall, but any such Noteholders shall not have recourse to the Mortgaged Property secured in respect of any other Series of Notes.

11. Adjustment of Collateral Assets

This Condition applies where Collateral Arrangements Only is specified as applying in the Pricing Supplement.

The Pricing Supplement will specify whether “Adjustment of Collateral Assets” applies to Secured Notes and where this is applicable the relevant Issuer may or, in some cases, will be obliged to adjust Collateral Assets from time to time as described below. If no such specification is made in the Pricing Supplement, Adjustment of Collateral Assets will be deemed to be not applicable.

Where Adjustment of Collateral Assets applies then the relevant Issuer may or must, as applicable, from time to time, at its own cost and subject to the Security Trust Deed, by giving not less than 2 Business Days' notice (an **Adjustment Notice**) in writing to the Security Trustee exercise its rights or perform its obligations as follows:

- (i) If “Issuer Collateral Assets Optional Top Up Right” is specified as applying in the Pricing Supplement, the relevant Issuer may at its option provide further Eligible Collateral and secure this in favour of the Security Trustee on the same terms *mutatis mutandis*, as the other Collateral Assets; and/or
- (ii) If “Issuer Collateral Assets Excess Removal Right” is specified as applying in the Pricing Supplement, the relevant Issuer may at its option require that any loans, cash, securities or other assets for the time being comprising the Collateral Assets are released from the Security Interests in accordance with the Security Trust Deed and transferred to it for its own account provided that immediately following such transfer the Collateral Assets Coverage Requirement is met, even though this may not be the case subsequently; and/or
- (iii) If “Issuer Collateral Assets Maintenance Obligation” is specified as applying in the Pricing Supplement, the relevant Issuer must at all times ensure the Collateral Assets Coverage Requirement is met and where required in order to do so must provide further Eligible Collateral and secure this in favour of the Security Trustee on the same terms, *mutatis mutandis* as the other Collateral Assets; and/or
- (iv) If “Issuer Collateral Assets Substitution Right (with coverage test)” is specified as applying in the Pricing Supplement, the relevant Issuer may require that any loans, cash, securities or other assets for the time being comprising the Collateral Assets be replaced by Eligible Collateral and the Security Trustee shall accordingly release the Collateral Assets from the Security Interests in accordance with the Security Trust Deed to enable such adjustment, provided that upon any release of the substituted Collateral Assets from the Security Interests, the replacement Collateral Assets are secured by the relevant Issuer on the same terms *mutatis mutandis* as the substituted Collateral Assets and the Collateral Assets Coverage Requirement must be met immediately following the adjustments, even if this is not the case subsequently; and/or
- (v) If “Issuer Collateral Assets Substitution Right (without coverage test)” is specified as applying in the Pricing Supplement, the relevant Issuer may require that any loans, cash, securities or other assets for the time being comprising the Collateral Assets be replaced by Eligible Collateral and the Security Trustee shall accordingly release the Collateral Assets from the Security Interests in accordance with the Security Trust Deed to enable such adjustment, provided that upon any release of the substituted Collateral Assets from the Security Interests, the replacement Collateral Assets are secured by the relevant Issuer on the same terms *mutatis mutandis* as the substituted Collateral Assets and the aggregate Value of the Collateral Assets immediately following such adjustment must be at least equal to the aggregate Value of the Collateral Assets immediately prior to such adjustment, even if this is not the case subsequently.

The Pricing Supplement will specify whether Value Basis or Nominal Basis will apply and the criteria for the Eligible Collateral.

In any of the above cases, all requirements of any relevant stock exchange or competent authority and any other conditions specified in the Pricing Supplement must be complied with.

Following its delivery of an Adjustment Notice to the Security Trustee, the relevant Issuer must also notify the Agent, the Custodian, the Account Bank, the Calculation Agent, the Liquidation Agent and the Noteholders as

soon as reasonably practicable provided that any failure to do so will not affect the validity of the relevant adjustment to the Collateral Assets.

12. Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing, the holder of a Note of any Series may give written notice to the Agent, the Liquidation Agent and the Security Trustee each at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount (calculated on the basis that the relevant Issuer and the Guarantor are obligors of the highest creditworthiness) of such Note together, if applicable, with accrued interest to the date of payment shall become immediately due and payable:

- (i) **Default in payment of principal or interest:** default is made for a period of five Business Days or more in the payment of any principal on any of the Notes or for a period of 15 Business Days or more in the payment of any interest due in respect of the Notes or any of them;
- (ii) **Failure to perform any other Obligation:** the relevant Issuer or the Guarantor (where applicable) is in breach of or fails duly to perform any other obligation under or in respect of the Notes, the Deed of Guarantee, the Security Trust Deed, the Agency Agreement, the Custody Agreement, or Account Bank Agreement and such failure continues for more than 30 days after the service by a holder of a Note or the Security Trustee of notice on the relevant Issuer requiring the same to be remedied;
- (iii) **General suspension of payments:** the relevant Issuer or the Guarantor (where applicable) suspends its payments generally;
- (iv) **Bankruptcy, composition or similar event:** a court in the country of domicile of the relevant Issuer or the Guarantor (where applicable) institutes bankruptcy proceedings or composition proceedings to avert a bankruptcy or the relevant Issuer or the Guarantor (where applicable) applies for institution of such proceedings or any event occurs which under the laws of the Republic of Italy or Luxembourg has an analogous effect to such proceedings;
- (v) **Cross-default:** (i) any other present or future indebtedness of the relevant Issuer or the Guarantor or Mediobanca International (Luxembourg) S.A. (where applicable) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity as a result of any payment default thereon by the relevant Issuer or, as the case may be, the Guarantor or Mediobanca International (Luxembourg) S.A. (where applicable), or (ii) any such indebtedness is not paid when due or, as the case may be, within an applicable grace period, or (iii) the relevant Issuer or the Guarantor or Mediobanca International (Luxembourg) S.A. (where applicable) fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised **provided that** an event of default pursuant to paragraphs (i), (ii) or (iii) above of this Condition 12 shall only occur if: (A) the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one of the events mentioned in paragraphs (i), (ii) or (iii) above have occurred and is continuing exceeds €35,000,000 and (B) the relevant Issuer or the Guarantor or Mediobanca International (Luxembourg) S.A. (where applicable) is not contesting in good faith in a competent court in a recognised jurisdiction that the relevant indebtedness or guarantee and/or indemnity is due and enforceable, as appropriate;
- (vi) **Insolvency:** either the relevant Issuer or the Guarantor (where applicable) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the relevant Issuer or the Guarantor (where applicable);
- (vii) **Winding-up:** an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the relevant Issuer or the Guarantor (where applicable), or the relevant Issuer or the Guarantor (where applicable) applies or petitions for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purposes of and pursuant to or in connection with a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation, deconsolidation or disposal or contribution in kind of assets or branches of business;

- (viii) **Ownership:** the relevant Issuer ceases to be controlled by Mediobanca (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of the relevant Issuer under the Notes);
- (ix) **Illegality:** it is or will become unlawful for the relevant Issuer or the Guarantor (where applicable) to perform or comply with any one or more of its obligations under any of the Notes or the Deed of Guarantee (where applicable);
- (x) **Guarantee:** the Deed of Guarantee ceases to be a valid and binding obligation of the Guarantor or it becomes unlawful for the Guarantor to perform its obligations under the Deed of Guarantee or the Deed of Guarantee is claimed by the relevant Issuer or the Guarantor not to be in full force and effect (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of the relevant Issuer under the Notes); or
- (xi) if specified in the Pricing Supplement any Additional Event of Default occurs in respect of the relevant Series of Notes.

For the purpose of paragraph (v) above, any indebtedness for borrowed money which is in a currency other than euro shall be translated at the spot rate for the sale of the relevant currency against the purchase of euro in Luxembourg as quoted by a leading bank selected by the Agent for this purpose on the day in Luxembourg on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

13. Enforcement

Following an Event of Default (whether or not it is subsisting) the Security Trustee may, at any time, at its discretion and without notice, take such action under or in connection with any of the Security Documents as it may think fit (including, without limitation, enforcing the Security upon the Security becoming enforceable), provided that it shall not be bound to take any such action unless:

- (i) it shall have been so directed in writing by the Instructing Creditor; and
- (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to enforce the Security or to proceed directly against the relevant Issuer to enforce the other provisions of the Security Document(s) unless the Security Trustee, having become bound so to enforce or to proceed, fails so to do within a reasonable time and such failure is continuing.

In the event that the Realisation Amount is insufficient to pay all amounts due to the Noteholders, the relevant Issuer (failing which the Guarantor) shall remain liable for the Shortfall. No Noteholder shall be entitled to have recourse to the Mortgaged Property secured in respect of any other Series of Notes.

14. Disposal of Collateral Assets

- (a) If an Event of Default has occurred or the Notes are otherwise declared immediately due and payable and an Instructing Creditor has directed the Security Trustee to take action to enforce the Security, unless the Security Trustee has agreed with the Instructing Creditor to commence enforcement action itself, the Security Trustee will as soon as reasonably practicable notify the Liquidation Agent of this (such notice a "**Collateral Liquidation Event Notice**") and the Liquidation Agent will take action to dispose of the Collateral Assets pursuant to this Condition 14 (such disposal being a "**Collateral Liquidation Event**").

The Liquidation Agent shall not otherwise be required to monitor, enquire or satisfy itself as to whether a Collateral Liquidation Event might arise. Prior to receipt by it of a Collateral Liquidation Event Notice, the Liquidation Agent may assume that no such event has occurred.

The Liquidation Agent shall be entitled to rely on a Collateral Liquidation Event Notice without investigation.

- (b) Following receipt by it of a valid Collateral Liquidation Event Notice the Liquidation Agent will on behalf of the relevant Issuer and the Guarantor, so far as is practicable in the circumstances effect a liquidation of

the Collateral Assets for settlement as soon as reasonably practicable following the effective delivery of the related Collateral Liquidation Event Notice.

Following the occurrence of a Collateral Liquidation Event and effective delivery of a valid Collateral Liquidation Event Notice, the security shall be released without further action on the part of the Security Trustee to the extent necessary for the Liquidation Agent to effect the disposal of the Collateral Assets. Nothing in this paragraph will operate to release the charges and other security interests over the proceeds of the liquidation of the Collateral Assets.

The Liquidation Agent must account to the Security Trustee for all of the proceeds of disposal and apply these only as directed by the Security Trustee.

15. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16. Agent, Paying Agents, Liquidation Agent, Custodian, Account Bank, Calculation Agent and Settlement Agent

The names of the initial Agent, the other initial Paying Agents, the initial Custodian and the initial Calculation Agent and their initial specified offices are set out below.

The relevant Issuer and the Guarantor, are entitled to vary or terminate the appointment of any Paying Agent and/or the Liquidation Agent and/or the Custodian and/or the Account Bank and/or the Calculation Agent and/or the Settlement Agent and/or appoint additional or other Paying Agents, Liquidation Agents, Custodians, Account Banks, Calculation Agents or Settlement Agents and/or approve any change in the specified office through which any Paying Agent, Liquidation Agent, Custodian, Account Bank, Calculation Agent or Settlement Agent acts, provided that:

- (i) so long as the Notes are listed, quoted and/or traded on any stock exchange, competent listing authority and/or quotation system, there will at all times be a Paying Agent (which may be the Agent) with a specified office in each place as may be required by the rules and regulations of the relevant stock exchange, competent listing authority and/or quotation system;
- (ii) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the relevant Issuer or Guarantor is incorporated;
- (iii) there will at all times be a Calculation Agent in respect of any Notes for which a Calculation Agent has been appointed;
- (iv) there will at all times be an Agent and, in the case of any Exchangeable Note, Equity Linked Note or Other Note, a Settlement Agent (if required); and
- (v) so long as any Secured Notes are outstanding there will at all times be a Liquidation Agent and, if required, a Custodian and/or Account Bank.

In addition, the relevant Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(d).

Any variation, termination, appointment or change shall only take effect (other than (i) in the case of insolvency or (ii) from the effective date of withholding on "passthru payments", where the Paying Agent is a "foreign financial institution" as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto and does not become, or ceases to be, a "participating foreign financial institution" or otherwise exempt from withholding on "passthru payments" as from the effective date of withholding on "passthru payments" (as such terms are defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto), when in either case it shall be of immediate effect)

after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 18.

In acting under the Agency Agreement, the Agent, the other Paying Agents, the Liquidation Agent, the Custodian, the Account Bank, the Calculation Agent and the Settlement Agent will act solely as agents of the relevant Issuer and, the Guarantor, and will not assume any obligations or relationships of agency or trust to or with the Noteholders, the Receiptholders and the Couponholders, except that (without affecting the obligations of the relevant Issuer or, Guarantor to the Noteholders, the Receiptholders and the Couponholders to repay the Notes and to pay interest thereon) funds received by the Agent and the other Paying Agents for the payment of any sums due in respect of the Notes shall be held by them on behalf of the Noteholders, the Receiptholders and the Couponholders until the expiry of the relevant period of prescription under Condition 7. The Agency Agreement, Custody Agreement and Account Bank Agreement (as applicable) contain provisions for the indemnification of the Agent, the Paying Agents, the Liquidation Agent, the Custodian, the Account Bank, the Calculation Agent and the Settlement Agent and for their relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the relevant Issuer and Guarantor without being liable to account to the Noteholders, the Receiptholders or the Couponholders for any resulting profit. The Agency Agreement, Custody Agreement and Account Bank Agreement (as applicable) also contain provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

17. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

18. Notices

All notices regarding the Notes shall be valid if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg or on the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that such publication will be made in the *Financial Times* in London and on the Luxembourg Stock Exchange's website in Luxembourg. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange, competent listing authority and/or quotation system (or any other relevant authority) on or by which the Notes are for the time being listed, quoted and/or traded including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of publication or, if published more than once or if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

Until such time as any definitive Notes are issued, there may, so long as the Global Note is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspapers or such websites the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes provided that, if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, publication is made in Luxembourg as required by the preceding paragraph. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg. Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be. Any notice to the Agent, the Liquidation Agent or the Security Trustee may be delivered by a Noteholder by lodging such notice in writing at the specified office of the relevant entity set out in the Agency Agreement which will be effective when delivered or, if delivered after 5pm or on a day that is not a business day, in the place of receipt on the next such business day.

19. Meetings of Noteholders, Modification and Waiver

- (a) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including (i) the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons, the Agency Agreement the Deed of Covenant or the Guarantee and, (ii) in respect of any Series of Secured Notes, a modification or sanctioning of any amendment or waiver of or under the Security Trust Deed, any Supplemental Trust Deed, any Additional Charging Document, any Charged Agreement or any other Transaction Document (the documents at (i) and (ii) each a **Relevant Document**). Such a meeting may be convened by the relevant Issuer, the Guarantor, as the case may be, or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes of any Series for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering any provisions relating to the delivery of any asset (if applicable) on redemption of an Exchangeable Note, Equity Linked Redemption Note or altering the currency of payment of the Notes, Receipts or Coupons) or certain of the provisions of the Agency Agreement, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

In the case of Unsecured Notes, the Agent, the relevant Issuer and the Guarantor, may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons, or any Relevant Documents which is not (in the opinion of the relevant Issuer and Guarantor) materially prejudicial to the interests of the Noteholders (without considering the individual circumstances of any holders of the Notes or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (ii) any modification of the Notes, the Receipts, the Coupons, or any Relevant Documents which (in the opinion of the relevant Issuer and Guarantor) is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of any applicable laws.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 18 as soon as practicable thereafter.

In the case of Secured Notes, the Security Trustee may without the consent or sanction of the Noteholders, the Receiptholders and the Couponholders at any time and from time to time concur with the relevant Issuer in making or permitting any modification (1) to the Notes, the Receipts, the Coupons or any Relevant Document PROVIDED THAT the Security Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or (2) to the Notes, the Receipts, the Coupons or any Relevant Document if in the opinion of the Security Trustee such modification is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Security Trustee, proven. Any such modification may be made on such terms and subject to such conditions (if any) as the Security Trustee may determine, shall be binding upon the Noteholders, the Receiptholders and the Couponholders and unless the Security Trustee agrees otherwise, shall be notified by the relevant Issuer to the Noteholders in accordance with Condition 18.

The Security Trustee shall, in relation to the Notes of any Series, be obliged to consent to any modification to the Notes, the Receipts, the Coupons or any Relevant Document if directed and requested to so do by an Extraordinary Resolution of the Noteholders of such Series, provided that it will not be obliged to consent to any modification which, in the sole opinion of the Security Trustee, would have the effect of (a) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Security Trustee in the Notes, the Receipts, the Coupons or any Relevant Document.

- (b) The Security Trustee may without the consent or sanction of the Noteholders, the Receiptholders and the Couponholders and without prejudice to its rights in respect of any subsequent breach, at any time and from time to time but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby waive or authorise any breach or proposed breach by the relevant Issuer or any other person of any of the covenants or provisions contained in the Notes, the Receipts, the Coupons or any Relevant Document, provided that the Security Trustee shall not exercise any powers conferred on it by this clause in contravention of any express direction given by the Instructing Creditor.

Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Security Trustee may determine, shall be binding on the Noteholders, the Receiptholders and the Couponholders and, if, but only if, the Security Trustee shall so require, shall be notified by the relevant Issuer to the Noteholders in accordance with the Conditions as soon as practicable thereafter.

20. Further Issues

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount, issue price and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes provided that in the case of Secured Notes (a) Where Charged Agreement/Collateral Arrangements are specified as applying in the Pricing Supplement then the Counterparty or the relevant Issuer delivers or transfers additional Collateral Assets to the relevant Issuer or the Custodian, as applicable, pursuant to the Charged Agreement(s) and enters into an additional or supplemental Charged Agreement(s) (if applicable) or, (b) where Collateral Arrangements Only is specified as applying in the Pricing Supplement the relevant Issuer provides additional Collateral Assets to the extent required, in the case of (a) or (b) so that the Collateral Assets Coverage Requirement is satisfied immediately after issue of the further Notes (even if this is not the case subsequently) and in each case references to **Notes** and **Collateral Assets** and, where applicable, **Charged Agreement(s)** shall thereafter be deemed to be references to such terms as amended to take into account the further issue.

21. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. Governing Law

(a) Law and Jurisdiction

The Agency Agreement, the Deed of Covenant, the Notes, the Guarantee, the Security Trust Deed, the Receipts and the Coupons (and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Guarantee, the Security Trust Deed, the Receipts and the Coupons and every such agreement for the issue and purchase of Notes) are governed by and shall be construed in accordance with the laws of England. The Custody Agreements and the Account Bank Agreements are governed by the laws of Luxembourg.

- (i) Subject to Condition 22(a)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Guarantee, the Security Trust Deed, the Receipts and the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Guarantee, the Security Trust Deed, the Receipts and the Coupons (a **Dispute**) and accordingly the relevant Issuer and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (ii) For the purposes of this Condition 22, the relevant Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (iii) To the extent allowed by law, the Security Trustee, the Noteholders, the Receipholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

Articles 84 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended are not applicable to the Notes.

(b) Appointment of Process Agent

The relevant Issuer and the Guarantor each irrevocably appoints Mediobanca – Banca di Credito Finanziario S.p.A., London Branch, at 62 Buckingham Gate, London SW1F 6AJ, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of such party being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The relevant Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

23. Acknowledgment of the Italian / Luxembourg Bail-in Power

- (a) Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuers and the Guarantor (where applicable) and any Noteholder, Couponholder or Receipholder, 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 23, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:
 - (i) the effects of the exercise of the Italian Bail-in Power by the Italian 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
 - (ii) the variation of these Conditions, as deemed necessary by the Italian Relevant Authority, to give effect to the exercise of the Italian Bail-in Power by the Italian Relevant Authority.

The exercise of the Italian Bail-in Power by the Italian Relevant Authority shall not constitute an event of default and these Conditions shall remain in full force and effect save as varied by the Italian Relevant Authority in accordance with this Condition 23.

- (b) Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuers and the Guarantor (where applicable) and any Noteholder, Couponholder or Receipholder, 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 23, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:
 - (i) the effects of the exercise of the Luxembourg Bail-in Power by the Luxembourg 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 relevant 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

- (ii) the variation of these Conditions, as deemed necessary by the Luxembourg Relevant Authority, to give effect to the exercise of the Luxembourg Bail-in Power by the Luxembourg Relevant Authority.

The exercise of the Luxembourg Bail-in Power by the Luxembourg Relevant Authority shall not constitute an event of default and these Conditions shall remain in full force and effect save as varied by the Luxembourg Relevant Authority in accordance with this Condition 23.

In this Condition 23:

Italian Bail-in Power means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, 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, (ii) 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 the Single Supervisory Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or superseded from time to time (the **SRM Regulation**) and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (as defined below) (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);

Italian Relevant Authority means the Bank of Italy or other governmental authority in the Republic of Italy (or other country in which the Guarantor is then domiciled) or in the European Union having primary responsibility for the prudential and resolution oversight and supervision of the Guarantor;

Luxembourg Bail-in Power means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Luxembourg, (i) relating to the transposition of the BRRD (including, but not limited to, the Luxembourg law of 18 December 2015 relative *aux mesures de résolution, d'assainissement et de liquidation des établissements de crédit et de certaines entreprises d'investissement ainsi qu'aux systèmes de garantie des dépôts et d'indemnisation des investisseurs*, as amended from time to time (the **Luxembourg BRRD Law**), (ii) relating to the SRM Regulation or (iii) otherwise arising under Luxembourg law and (iv) in each case, 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) and any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised. For this purpose, a reference to a "regulated entity" is to any institution or entity (which includes certain credit institutions, investment firms, and certain of their group companies) referred to in points (1), (2), (3) or (4) of Article 2(1) of the Luxembourg BRRD Law, and with respect to the SRM Regulation to any entity referred to in Article 2 of the SRM Regulation; and

Luxembourg Relevant Authority means the Resolution Board of the *Commission de Surveillance du Secteur Financier* or other governmental authority in the Grand Duchy of Luxembourg (or other country in which the relevant Issuer is then domiciled) or in the European Union having primary responsibility for the prudential and resolution oversight and supervision of the relevant Issuer.

24. Definitions in relation to Secured Notes

Additional Charged Agreement means the agreement(s), if any, specified as such in the Pricing Supplement;

Additional Charging Document means any non-English law governed security document entered into by the relevant Issuer for the purposes of granting security over or in respect of any part of the Mortgaged Property for the relevant Series;

Affiliate means any entity which is (a) an entity controlled, directly or indirectly, by the relevant Issuer, (b) an entity that controls, directly or indirectly, the relevant Issuer or (c) an entity directly or indirectly under common control with the relevant Issuer;

Charged Agreement(s) means the Transfer Agreement and, if specified as applicable in the applicable Pricing Supplement, the Credit Support Document, in each case in respect of such Series;

Collateral Assets means the Initial Collateral Assets and any Eligible Collateral delivered (a) to the relevant Issuer or the Counterparty as additional Collateral Assets in accordance with the Charged Agreement(s) but which shall not include any Collateral Assets released in accordance with the Security Trust Deed or, as applicable, (b) by the relevant Issuer as additional Collateral Assets but shall not include any Collateral Assets released in accordance with Condition 11. The Pricing Supplement should set out (in the case of (a)) how this will happen;

Collateral Assets Coverage Requirement will be satisfied at the relevant time if the aggregate Value (where Value Basis applies) or aggregate nominal amount (where Nominal Basis applies) of the Collateral Assets is at least equal to the relevant Coverage Percentage of the Value (where Value Basis applies) or aggregate nominal amount (where Nominal Basis applies) of all outstanding Notes of the relevant Series at such time, all as determined by the Calculation Agent in its sole and absolute discretion.

Coverage Percentage means the percentage specified as such in the Pricing Supplement.

Counterparty means the entity designated as the counterparty in the applicable Pricing Supplement;

Counterparty Priority Basis means first, in meeting the claims of the Counterparty under the Charged Agreement(s) and, thereafter, in meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis;

Credit Support Document has the meaning given in the applicable Pricing Supplement;

Eligible Collateral means loans, cash, securities, which may comprise bonds or notes listed on a regulated market, shares listed on a regulated market, shares, units or other interests in a UCITS Fund, and/or other assets of the type or types as specified as such in the applicable Pricing Supplement;

Initial Collateral Assets has the meaning given in the applicable Pricing Supplement;

Instructing Creditor means:

- (a) in the case where Collateral Arrangements Only is specified as applying in the Pricing Supplement, Noteholders holding not less than 25 per cent. of the aggregate principal amount of the outstanding Notes of the relevant Series; or,
- (b) where Charged Agreement/Collateral Arrangements is specified as applying in the Pricing Supplement:
 - (i) if the applicable Security Ranking Basis is Noteholder Priority Basis, Noteholders holding not less than 25 per cent. of the aggregate principal amount of the outstanding Notes of the relevant Series; or
 - (ii) if the applicable Security Ranking Basis is Counterparty Priority Basis, the Counterparty; or
 - (iii) if the applicable Security Ranking Basis is *Pari Passu Basis* each of (i) the Counterparty and (ii) Noteholders holding not less than 25 per cent. of the aggregate principal amount of the outstanding Notes of the relevant Series,

Mortgaged Property means the assets over which the Security is created by the relevant Issuer from time to time in relation to such Series, including, as applicable, the Collateral Assets and the Rights under the Transaction Documents;

Noteholder Priority Basis means, first, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty under the Charged Agreement(s);

Pari Passu Basis means, in meeting the claims of the Noteholders and the Counterparty under the Charged Agreement(s), on a *pari passu* and *pro rata* basis;

Nominal Basis means that in the case of an Adjustment of Collateral Assets or a further issue of Notes the Calculation Agent will determine the aggregate nominal amount of the Notes and the Collateral Assets for purposes of determining if the Collateral Assets Coverage Requirement is satisfied and for this purpose the nominal amounts will be expressed in the Specified Currency (or, if applicable, converted into the Specific Currency at an appropriate exchange rate for such conversion), and no account will be taken of any accrued but unpaid interest or entitlement and in the case of Collateral Assets with no stated nominal amount the Calculation Agent will determine the appropriate amount with reference to such source(s) as it determines appropriate in its sole and absolute discretion.

Realisation Amount means the net proceeds of realisation of, or enforcement with respect to, the Mortgaged Property (following payment of (i) all amounts due to the Security Trustee and/or any receiver or other appointee, including any costs, expenses and taxes incurred in connection with such realisation or enforcement; (ii) all fees and expenses of the Liquidation Agent and (iii) all amounts due and unpaid to the Agent under clause 19 of the Agency Agreement);

Rights means, in relation to any agreement or asset, all rights, title and interest of the relevant person in, to and under such agreement or asset including, without limitation:

- (a) in the case of the relevant Issuer's rights under the Agency Agreement and each Charged Agreement, all its rights, title and interest under such agreement(s) and, in the case of the Agency Agreement, all its rights in respect of all funds and/or assets held from time to time by the Agent for payment in respect of the Notes or otherwise in relation to the Notes; and
- (b) in the case of the relevant Issuer's rights under the Collateral Assets: all its rights in respect thereof or relating thereto and any sums or assets derived therefrom whether or not against third parties, including, without limitation, the relevant Issuer's rights against the Custodian to redelivery of equivalent Collateral Assets and any proceeds of the sale of the Collateral Assets;

Security means the Security Interests created, or intended to be created at any time, in favour of the Security Trustee under the Security Documents in respect of such Series;

Security Documents means the Security Trust Deed, each Supplemental Trust Deed and any Additional Charging Documents in each case in respect of such Series;

Security Interest means any mortgage, sub-mortgage, standard security, charge, sub-charge, assignment, assignation in security, pledge, lien, right of set-off or other encumbrance or security interest;

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

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person, or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

Transaction Documents means the Security Trust Deed, the Custody Agreement, the Account Bank Agreement, the Charged Agreement(s), the Additional Charged Agreement(s), the Supplemental Trust Deed, the Agency Agreement and any Additional Charging Document in each case entered into in relation to and as the same relate to such Series and all agreements incidental to the issue of the Notes of such Series;

Transfer Agreement has the meaning given in the Pricing Supplement;

Transfer Agreement Termination Date means the date specified as such in the applicable Pricing Supplement;

UCITS Fund means an investment fund that qualifies as an undertaking for collective investment in transferable securities within the scope of Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective

investment in transferable securities (UCITS), as such directive is amended, superseded and replaced from time to time.

Value has the meaning given in the definition of Value Basis.

Value Basis means that in the case of an Adjustment of Collateral Assets or a further issues of Notes the Calculation Agent will determine the Value of the Notes and Collateral Assets for purposes of determining if the Collateral Assets Coverage Requirement is satisfied and for this purpose "Value" will be determined as provided in the Pricing Supplement or, if not specified in the Pricing Supplement, shall mean the fair market value of the Notes or Collateral Assets, as applicable, expressed in the Specified Currency and determined by the Calculation Agent with reference to such source(s) as the Calculation Agent determines appropriate in its sole and absolute discretion (and this will not require the Calculation Agent to obtain any "best execution" price).

USE OF PROCEEDS

The net proceeds from each issue of Notes, unless otherwise applied pursuant to the terms of a relevant Charged Agreement, will be applied by the relevant Issuer for general corporate purposes of Mediobanca and its subsidiaries (the **Mediobanca Group** or the **Group**) (as described in the “*Description of the Issuers*” and the “*Information on Mediobanca - Banca Di Credito Finanziario S.p.A.*” hereafter).

INFORMATION RELATING TO MB FUNDING LUX SA

History and Current Business

Incorporation, Duration and Domicile

MBFL was incorporated on 13 September 2016 under the laws of the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) and was originally subject as an unregulated securitisation company (*société de titrisation*) to the provisions of the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**). Further to an amendment of the articles of incorporation of MBFL on 24 April 2017, MBFL is no longer subject as an unregulated securitisation company (*société de titrisation*) to the provisions of the Securitisation Act 2004. MBFL has been incorporated for an unlimited duration and is registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B209165. MBFL has been established as a special purpose vehicle to offer securities.

The articles of association of MBFL (the Articles) were first published on 27 September 2016 in the Luxembourg official gazette (RESA, Recueil électronique des sociétés et associations), number RESA 2016 103. The Articles of MBFL were most recently amended and restated on 23 January 2019 by a notary deed published on 31 January 2019 in the Luxembourg official gazette (RESA, Recueil électronique des sociétés et associations), number RESA_2019_026. Each amendment to the Articles will be published in the official gazette (RESA, Recueil électronique des sociétés et associations) in Luxembourg. The registered office of MBFL is at 6, Rue Eugène Ruppert, L-2453 Luxembourg. The telephone number of MBFL is +352 264 491 and the fax number of MBFL is +352 264 49167.

Principal activities of MBFL

The principal activities of MBFL are those which are set out in MBFL's corporate objects clause, which is Article 4 of the Articles.

The corporate objects of MBFL are (i) to lend on a secured or unsecured basis to its sister company (Mediobanca International Luxembourg SA) or to Mediobanca – Banca di Credito Finanziario – SpA, its parent company (the **Parent Company**), or to purchase assets based in Luxembourg and/or in foreign countries, under the format of loans or securities, whose performance is directly or indirectly guaranteed by its sister company (Mediobanca International Luxembourg SA) or by its Parent Company, (ii) to borrow funds on a secured or unsecured basis, via the issuance of securities or by entering into loan agreements and (iii) to enter into other transactions, or to perform other activities, ancillary or necessary to facilitate the performance of points (i) and (ii) above, including subscribing derivative instruments (which, to avoid any doubt, can be of funded or unfunded type) or granting any kind of security interests or guarantees over all or part of its assets in order to secure all or part of its obligations, provided that (x) at each point in time, the aggregate cashflows expected to be received by MBFL under the transactions described at point (i) are at least equal to the aggregate cashflows due by MBFL under the obligations described at points (ii) and (iii), (y) that all obligations described at point (ii) will be directly or indirectly guaranteed by the Parent Company and that (z) MBFL shall not carry out any activity in the financial sector on a professional basis which requires the granting of a licence under the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended.

Share Capital and Ownership

The share capital of MBFL is EUR 831,000 divided into 831,000 Ordinary Shares having a nominal value of EUR 1.0 each (the **MBFL Shares**) all (100%) of which are fully paid up. All issued MBFL Shares are held by Mediobanca – Banca di Credito Finanziario S.p.A. (the **Shareholder**), a joint stock company (S.p.A.) incorporated under the laws of Italy, and having its registered seat at Piazzetta E. Cuccia no. 1, I-20121 Milano.

MBFL is part of the Mediobanca Banking Group.

Capitalisation

The following table sets out the capitalisation of MBFL as at the date of this Offering Circular.

Shareholders' Funds: share capital (issued 831,000 Ordinary Shares having a nominal value of EUR 1.0: EUR 831,000

Indebtedness

As at the date of this Offering Circular, MBFL has an indebtedness amounting approximately to EUR 850 million.

Financial Year

The financial year of MBFL is 1st July to 30th June. The first financial year of MBFL was from the date of its incorporation to 30th June 2017.

Approved Statutory Auditors

Approved statutory auditors (*réviseurs d'entreprises agréés*) have been appointed with effect from June 2017 to audit the financial statements of MBFL published from June 2017. The mandate of the approved statutory auditors (*réviseurs d'entreprises agréés*) is renewed on an annual basis. The approved statutory auditor of MBFL is PricewaterhouseCoopers, *société coopérative*, having its registered office at 2 rue Gerhard Mercator, L-2182 Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B 65477.

Financial Statements

In accordance with Articles 72, 74 and 75 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, MBFL is obliged to publish its annual accounts on an annual basis following the approval of the annual accounts by the annual general meeting of the shareholders.

None of the information contained in this Offering Circular has been audited by any auditor of MBFL.

Any published annual audited financial statements prepared for MBFL will be obtainable free of charge from the registered office of MBFL and such other entities as described in "General Information". MBFL does not publish interim financial statements.

Management Bodies of MBFL (as at the date of this Offering Circular)

At the date of this Offering Circular, the Board of Directors of MBFL is composed as follows:

Director principal outside activities

Mr. Alessandro Ragni	Chief Executive Officer at Mediobanca International (Luxembourg) S.A.*
Ms. Bianca Mundo	Manager Legal and Corporate at Intertrust (Luxembourg) SARL
Ms. Jurate Misonyte	Manager Legal and Corporate at Intertrust (Luxembourg) SARL

*Subject to ECB approval according to prudential procedure for Key function holders

The business address of each of the Directors is:

Alessandro Ragni – 4, Boulevard Joseph II, L-1840 Luxembourg
Bianca Mundo- 6, rue Eugène Ruppert, L-2453 Luxembourg
Jurate Misonyte- 6, rue Eugène Ruppert, L-2453 Luxembourg

No corporate governance regime to which MBFL would be subject exists in Luxembourg as at the date of this Offering Circular.

Annual General Meeting

The ordinary general meeting of shareholders of MBFL shall take place annually at the registered office of MBFL or at such other place as may be specified in the convening notice.

INFORMATION RELATING TO MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

General Information

Name: Mediobanca International (Luxembourg) S.A. (**Mediobanca International**).

Date of Incorporation: Mediobanca International was incorporated in 13 September 1990 and its registered office was transferred to Luxembourg by a resolution of the Shareholders before a notary on December 21, 2005 and the articles of incorporation were published in the *Mémorial Recueil des Sociétés et Associations* number 567 on 17 March 2006. The articles of association were amended on 5 October 2007 and were published in the *Mémorial Recueil des Sociétés et Associations* number 2995 on 24 December 2007. The articles of association were further amended on 30 January 2017 and were published in the *Recueil électronique des Sociétés et Associations* number RESA_2017_042 of 16 February 2017.

Legislation: Mediobanca International operates under Luxembourg law.

Registered Office and Telephone Number: 4, Boulevard Joseph II, L-1840 Luxembourg, Grand Duchy of Luxembourg, Tel. No.: (00352) 267303-1.

Registration: *Registre de Commerce et des Sociétés* Luxembourg number B112885.

Financial Year: Mediobanca International's financial year ends on 30th June of each year.

General Meetings: General Meetings are held at least once a year.

Share Information

Authorised and Issued Capital: As at 30 June 2020, EUR 10,000,000 divided into 1,000,000 ordinary shares of EUR 10.00 each.

Reserves: EUR 331,470,434 as at 30 June 2020.

Controlling Shareholders: Mediobanca - Banca di Credito Finanziario S.p.A.

Change of control: Mediobanca International is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca International.

Management

Board of Directors: The Articles of Association provide for a Board of Directors consisting of at least three members elected by the general meeting of shareholders for a term of office not to exceed six years.

Directors: The Board of Directors is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. The Board of Directors has been appointed by the shareholders meeting held on October 16th, 2020 and is composed as follow :

<i>Director</i>	<i>Place and date of birth</i>	<i>Posts held inside Mediobanca International</i>
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Giovanni Mancuso	Turin on 5 December 1954	Chairman
Alessandro Ragni*	Milan on 23 May 1977	Managing Director & CEO
Massimo Amato*	Lecce on 15 January 1958	Director
Piero Pezzati	Milan on 23 March 1953	Director
Jessica Spina*	Manchester on 27 January 1969	Director
Stéphane Bosi	Monticelli d'Ongina on 27 April 1953	Director
Lara Pizzimiglia*	Piacenza on 21 June 1969	Director

* Subject to ECB approval according to the prudential procedure for Key function holders.

The business address of each of the directors is 4, Boulevard Joseph II, L-1840 Luxembourg, Grand Duchy of Luxembourg with the exception of Jessica Spina and Lara Pizzimiglia whose business address is 1 Piazzetta E. Cuccia, 20121 Milan.

There are no potential conflicts of interests between any of the Directors' duties to Mediobanca International and their private interests or other duties.

Authorised managers:

Day-to-day management is entrusted to two authorised managers: Alessandro Ragni* (Managing Director and CEO) and Rocco Di Leo (Chief Financial Officer).

*Subject to ECB approval according to the prudential procedure for Key function holders.

Approved statutory auditors:

PricewaterhouseCoopers, *Société coopérative*, incorporated under the laws of Luxembourg, with its registered office at 2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B.65477 (**PwC Luxembourg**) was designated, during a meeting of the Board of Directors held on 11 September 2012, Mediobanca International's approved statutory auditors (*réviseur d'entreprises agréé*). Their mandate was renewed by the Board of Directors on 14 December 2016 for a period ending at the shareholders' annual general meeting which will be held in 2021.

PwC Luxembourg has audited the non-consolidated financial statements of Mediobanca International as at and for the years ended 30 June 2019 and 30 June 2020, and will audit the non-consolidated financial statements of Mediobanca International as at and for the year ending 30 June 2021.

PwC Luxembourg is registered as a *cabinet de révision* with the public register of company auditors drawn up by the Luxembourg Ministry of Justice and is a member of the Luxembourg Institute of Auditors (*l'Institut des Réviseurs d'Entreprises Luxembourg*) and is

approved by the Commission de Surveillance du Secteur Financier (CSSF) in the context of the law dated 23 July 2016 on the audit profession, as amended.

Corporate governance:

Mediobanca International is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. The Luxembourg law dated 10 August 1915 on commercial companies, as amended, does not make the application of a corporate governance code mandatory to Mediobanca International. The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange do not apply because the shares of Mediobanca International are not listed on a regulated market operated by the Luxembourg Stock Exchange.

Object and General Business Policy

Business Operations:

Article 3 of Mediobanca International’s Article of Association provides, among other things, that the sole object of Mediobanca International is to carry out, either within or outside the Grand Duchy of Luxembourg, any banking or financial operations authorised by the law relating to the financial sector.

Mediobanca International’s principal activity consists of raising funds on international markets, by issues of bonds chiefly under a short and medium term notes programme guaranteed by Mediobanca. Mediobanca International is also engaged in corporate lending operations.

Risk Management:

All interest rate, currency, credit and other risks are managed within the Mediobanca Group.

Main financial information of Mediobanca International

Selected annual financial information. The summary audited balance sheet, profit and loss account and cash flow statement of Mediobanca International as at and for the year ended 30 June 2020 are shown below, along with comparative data as at and for the year ended 30 June 2019.

MAIN STATEMENT OF FINANCIAL POSITION ITEMS	Year ended 30 June		
	2020	2019	CHANGES 2020/2019
	€m	€m	%
Assets			
Financial assets valued at amortised cost – due from banks	2,086.4	3,287.1	-36.5%
Financial assets valued at amortised cost – due from customers	4,142.3	4,506.1	-8.1%
Financial assets*	160.1	74.1	116%
Total Assets	6,428.6	7,888.6	-18.5%
Liabilities			
Financial liabilities valued at amortised cost – debt securities in issue	3,137.7	4,127.4	-24.0%
Financial liabilities valued at amortised cost – due to banks	2,696.5	3,242.8	-16.8%

Financial liabilities valued at amortised cost - due to customers	133.3	110.0	21.2%
Financial liabilities valued at FVTPL	118.8	55.6	113.5%
Net equity**	341.5	338.2	1.0%
of which: share capital	10.0	10.0	-
Profit for the period	-10.8	3.2	-437.5%
Total Liabilities	6,428.6	7,888.6	-18.5%

* Includes financial assets valued at FVTPL and hedging derivatives.

** Includes reserves and share capital.

MAIN STATEMENT OF COMPREHENSIVE INCOME ITEMS	Year ended 30 June		
	2020	2019	CHANGES 2020/2019
	€m	€m	%
Net interest income	5.3	12.2	-56.8%
Net fee and commission income	5.7	5.0	14.0%
Total income	11.9	17.9	-33.5%
Net income from financial operations	-1.9	14.4	-113.2%
Administrative expenses	-9.6	-10.1	-5.0%
Profit (loss) of the ordinary activity before tax	-13.2	4.3	-407%
Profit (Loss) for the year	-10.8	3.2	-437.5%

CASH FLOW STATEMENT	Year ended 30 June	
	2020	2019
	<i>(€ thousands)</i>	
Cash flow from operating activities	-	-33,991
Operating activity	-2,366	35,213
Cash generated/(absorbed) by financial assets	1,641,287	-66,898
Cash (generated)/absorbed by financial liabilities	-1,638,921	-2,306
Cash flow from investment activities	-	-
Cash flow from funding activity	-	15,000
NET CASH FLOW (OUTFLOW) DURING THE FISCAL YEAR	-	-18,991

Mediobanca International produces non-consolidated annual financial statements and unaudited interim financial statements.

All of the above non-consolidated financial statements of Mediobanca International, prepared in each case together with the notes thereto, are incorporated by reference in this Offering Circular. See "*Documents Incorporated by Reference*".

The non-consolidated annual financial statements of Mediobanca International as at and for the years ended 30 June 2019 and 2020 have been prepared in accordance with IFRS as adopted by the European Union.

The non-consolidated interim financial reports of Mediobanca International as at and for the six months ended on 31 December 2018 and 2019 have been prepared in accordance with IFRS as adopted by the European Union.

The non-consolidated annual financial statements of Mediobanca International as at and for the year ended 30 June 2019 and 2020 have been audited by PricewaterhouseCoopers, *Société coopérative*, whose reports thereon are attached to such non-consolidated annual financial statements.

INFORMATION ON MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.

This section of the Offering Circular reflects the contents of certain information contained in the audited consolidated annual financial statements of Mediobanca and the audited non-consolidated annual financial statements of Mediobanca International as at and for the years ended 30 June 2020 and 2019.

History and development of Mediobanca

Legal status and information

Mediobanca – Banca di Credito Finanziario S.p.A. was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. Mediobanca is a joint stock company incorporated under Italian law registered in the Milan-Monza-Brianza-Lodi Companies' Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. No.: (0039) 02-88291. The LEI code of Mediobanca is: PSQL19R2RXX5U3QWHI44. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

Important events in Mediobanca's recent history

Except from the developments described in the section headed “*Systemic risks in connection with the economic/financial crisis*”, in particular for the possible impact of the Covid-19 crisis, there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca's ability to meet its obligations towards third parties.

On 12 November 2019, the Board of Directors of Mediobanca has approved and published the 2019/2023 strategic plan, setting out certain objectives to be achieved within June 2023, based on the growth of highly-profitable banking activities and the development of all the Mediobanca Group divisions (Wealth Management, Consumer Banking and Corporate & Investment Banking).

Following the downgrade by Fitch of the Republic of Italy's sovereign ratings announced on 28 April 2020, as at 5 June 2020, Fitch rated Mediobanca F3 (short-term Issuer Default Rating “**IDR**”), BBB- (long-term IDR) and stable (outlook) – see www.mediobanca.com/en/investor-relations/financing-rating/rating.html.

As at 29 April 2020, S&P rated Mediobanca A-2 (short-term Issuer Credit Rating “**ICR**”), BBB (long-term ICR) and negative (outlook) – see www.mediobanca.com/en/investor-relations/financing-rating/rating.html.

As at 26 March 2020 Moody's rated Mediobanca P-2 (short-term debt Counterparty Risk and Deposits Rating) Baal (long-term debt Counterparty Risk and Deposits Rating) and stable (outlook) – see www.mediobanca.com/en/investor-relations/financing-rating/rating.html

For an explanation of the rating given by S&P please see below the S&P rating scale:

LONG TERM	SHORT TERM
obligations with an original maturity of more than one year	obligations with an original maturity of no more than one year
Investment grade AAA The obligor's capacity to meet its financial commitment on the obligation is extremely strong.	Investment grade A-1 The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is

<p>AA</p> <p>The obligor's capacity to meet its financial commitment on the obligation is very strong. An obligation rated 'AA' differs from the highest-rated obligations only to a small degree.</p>	<p>extremely strong.</p> <p>A-2</p> <p>The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.</p>
<p>A</p> <p>The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.</p>	<p>A-3</p> <p>The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>
<p>BBB</p> <p>The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>	

(Source: Standard & Poor's)

LONG TERM	SHORT TERM
<p>obligations with an original maturity of more than one year</p>	<p>obligations with an original maturity of less than one year</p>
<p>Speculative grade</p> <p>BB</p> <p>The obligation is less vulnerable to non-payment than other speculative issues. However, it faces major on-going uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p> <p>B</p> <p>The obligation is more vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.</p> <p>CCC</p> <p>The obligation is currently vulnerable to nonpayment, and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event</p>	<p>Speculative grade</p> <p>B</p> <p>The obligation is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major on-going uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation</p> <p>B -1</p> <p>The obligation is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p> <p>B -2</p> <p>The obligation is regarded as having significant speculative characteristics, and the obligor has an average speculative- grade capacity to meet its financial commitments over the short-term compared</p>

of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC

The obligation is currently highly vulnerable to non-payment.

C

A 'C' rating is assigned to obligations that are currently highly vulnerable to non-payment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default.

D

The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period.

to other speculative-grade obligors.

B -3

The obligation is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

C

The obligation is currently vulnerable to non-payment and is dependent upon favourable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D

The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period

NB: ratings from "AA" to "CCC" inclusive can be modified by adding the "+" or "-" minus sign to specify the position.

For an explanation of the rating given by Fitch please see below the Fitch rating scale:

LONG TERM	SHORT TERM
obligations with an original maturity of more than one year	obligations with an original maturity of no more than one year
<p>Investment grade</p> <p>AAA</p> <p>Denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.</p>	<p>Investment grade</p> <p>F-1</p> <p>Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.</p>
<p>AA</p> <p>Denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.</p>	<p>F-2</p> <p>Good intrinsic capacity for timely payment of financial commitments.</p>
<p>A</p> <p>Denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more</p>	<p>F-3</p> <p>The intrinsic capacity for timely payment of financial commitments is adequate.</p>

vulnerable to adverse business or economic conditions than is the case for higher ratings

BBB

Indicate that expectations of default risk are currently low. The Capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair capacity.

(Source: Fitch Ratings)

<p>LONG TERM</p> <p>obligations with an original maturity of more than one year</p>	<p>SHORT TERM</p> <p>obligations with an original maturity of less than one year</p>
<p>Speculative grade</p> <p>BB</p> <p>Indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.</p> <p>B</p> <p>Indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.</p> <p>CCC</p> <p>Default is a real possibility.</p> <p>CC</p> <p>Default of some kind appears probable.</p> <p>C</p> <p>Default is imminent or inevitable, or the issuer is in standstill.</p> <p>RD</p> <p>Indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.</p>	<p>Speculative grade</p> <p>B</p> <p>Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.</p> <p>C</p> <p>Default is a real possibility.</p> <p>RD</p> <p>Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.</p> <p>D</p> <p>Indicates a broad-based default event for an entity, or the default of a short-term obligation.</p>

For an explanation of the rating given by Moody's please see below the Moody's rating scale:

LONG TERM obligations with an original maturity of more than one year	SHORT TERM obligations with an original maturity of no more than one year
<p>Aaa</p> <p>Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.</p>	<p>P-1</p> <p>Issuers (or supporting institutions) rated Prime 1 have a superior ability to repay short-term debt obligations</p>
<p>Aa</p> <p>Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.</p>	<p>P-2</p> <p>Issuers (or supporting institutions) rated Prime 2 have a strong ability to repay short-term debt obligations</p>
<p>A</p> <p>Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.</p>	<p>P-3</p> <p>Issuers (or supporting institutions) rated Prime 3 have an acceptable ability to repay short-term debt obligations</p>
<p>Baa</p> <p>Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.</p>	<p>NP</p> <p>Issuers (or supporting institutions) rated Not prime do not fall within any of the Prime rating categories.</p>
<p>Ba</p> <p>Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.</p>	
<p>B</p> <p>Obligations rated B are considered speculative and are subject to high credit risk.</p>	
<p>Caa</p> <p>Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.</p>	
<p>Ca</p> <p>Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.</p>	
<p>C</p> <p>Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.</p>	

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.

(Source: Moody's)

S&P Global Ratings Europe Limited (formerly Standard & Poor's Credit Market Services Italy S.r.l.) (**S&P**), Fitch Italia S.p.A. (**Fitch**) and Moody's Investors Service Ltd. (**Moody's**) are credit rating agencies which are

established in the European Community or in the United Kingdom and have been registered in accordance with Regulation (EC) No. 1060/2009 (as subsequently amended and supplemented) (the **CRA**). As such, S&P, Fitch and Moody's are included in the latest list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA – see <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Business Overview

Principal activities

As stated in Article 3 of Mediobanca's Articles of Association, the Mediobanca's purpose is to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates.

In complying with the regulatory provisions in force, Mediobanca may perform all banking, financial and intermediation-related operations and services, and carry out any other operation instrumental to or otherwise connected with the achievement of Mediobanca's purpose.

The Group's operations are segmented as follows:

- **Wealth Management (WM)**: this new division brings together all asset management services offered to the following client segments:
 - *Affluent & Premier*, addressed by CheBanca!;
 - *Private & HNWI*, addressed in Italy by Mediobanca Private Banking and in the Principality of Monaco by Compagnie Monégasque de Banque including the fiduciary activity of Spafid;
 - *Asset Management*, the principal entities in which are the product factories Cairn Capital (alternative AM), RAM AI (alternative AM), and Mediobanca SGR.
- **Corporate & Investment Banking (CIB)**: this division brings together all services provided to corporate clients:
 - *Wholesale Banking (WB)*: Client Business (lending, advisory, and capital market activities) and proprietary trading; this division also includes 66.4% of Messier Maris & Associés, a French-based corporate finance boutique, with headquarters in Paris and offices in New York, specializing in M&A advisory services to large and medium-sized companies, financial sponsors activity, debt and capital advisory services, and debt restructuring;
 - *Specialty Finance*, which comprises factoring (MBFacta) and credit management (MB Credit Solution).
- **Consumer Banking (CB)**: this division provides retail clients with the full range of consumer credit products, ranging from personal loans to salary-backed finance (Compass and Futuro);
- **Principal Investing (PI)**: this division brings together the Group's portfolio of equity investments and holdings, including the stake in Assicurazioni Generali;
- **Holding Functions**: this division houses the Group's Treasury and ALM activities, with the objective of optimizing management of the funding and liquidity processes; it also includes all costs relating to Group staffing and management functions, and continues to include the leasing operations.

As at 30 June 2020, Mediobanca had a market capitalization of approx. €5.7 billion (hereinafter, **bn**).

*Consolidated financial information as at 30/06/20**

Profit and loss account (€m)	Corporate & Investment Banking	Consumer Banking	Wealth Management	Principal investing	Holding Functions	Total
Net interest income ...	271.4	948.0	271.0	-7.1	-55.0	1,442.2
Total income	575.1	1,070.6	583.8	312.8	-6.9	2,513.0
Profit before tax	275.4	438.0	113.8	297.6	-259.3	795.3

Net profit	180.7	296.6	80.4	295.0	-183.7	600.4
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* Source: Mediobanca audited consolidated annual financial statement as at and for the year ended on 30 June 2020

Affluent & Premier - CheBanca!

Mediobanca operates in retail banking through its subsidiary CheBanca!. This subsidiary, launched in 2008, effectively served as retail deposit gatherer for the Mediobanca Group throughout the financial crisis. In the last six years it has developed a distribution model which is innovative, transparent and with high technology content, while at the same time refocusing its mission from deposit gatherer to wealth manager, and now has TFAs of €27.8bn.

Today CheBanca! is distinguished by its:

- High brand recognition;
- Effective, innovative multi-channel distribution (internet, 192 own branches/POS, 414 Financial Agents and 454 Relationship Managers);
- Substantial customer base (approx. 880,000 customers);
- Strong commercial results: €15.3bn in deposits, €12.5bn in assets under management, and €10.2bn in mortgage lending.

At 30 June 2020 the company employed a total of 1,430 staff.

Private & HNWI

The product/service offering to clients is split between:

MB Private Banking, offers private banking services through its 85 bankers and nine branch offices, working to help develop asset management activities and the mid-cap platform. The Mediobanca Private Banking product offering for high net worth clients includes portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service, are the hallmarks of a bank which has approx. €15bn in assets under management at its branches in Bergamo, Bologna, Brescia, Cesena, Florence, Genoa, Milan, Padua, Parma, Rome, Turin and Treviso.

Compagnie Monégasque de Banque (CMB) is 100%-owned by Mediobanca. CMB, a market leader in the private banking sector in the Principality of Monaco, has assets under management of approx. €11bn. Its geographical position, indepth knowledge of markets and absolute independence make it a player of primary importance, able to provide exclusive services to its clientèle, ranging from loans to asset management.

Spafid, 100%-owned by Mediobanca, this company provides fiduciary administration services in respect of equity investments, securities market investments and fiduciary services for issuers.

MB Asset Management

The product factories include Cairn Capital, RAM and Mediobanca SGR.

- **Cairn Capital**, a 51% stake having been acquired in this company in December 2015 (the percentage stake currently owned is 70.9%), is an asset manager and advisor based in London specializing in credit products.
- **RAM AI**, in which a 69% stake was acquired in March 2018, is one of the leading European systematic asset managers, offering a wide range of alternative funds to a vast range of institutional and professional investors.

Consumer Credit – Compass

Mediobanca has operated in the consumer credit sector since the 1960s through its subsidiary Compass. Compass today is one of the leading consumer credit operators on the Italian market, with a market share of approx. 12%.

Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified distribution network consisting of some 172 own branches, branches managed by agents (41) and Compass Quinto branches (48), distribution agreements with banking partners and retailers (including BancoPosta).

In the financial year ended 30 June 2020, Compass reported a loan book of approximately €13bn and a headcount of 1,441 staff.

Corporate & Investment Banking

Mediobanca seeks to provide its corporate clients with advisory services and financial services to help them grow and develop.

The Corporate & Investment Banking division comprises three different units: Corporate Finance, Lending and Structured Finance, and Capital Markets and Specialty Finance.

Corporate Finance

Mediobanca is a leader in Italy and has an increasingly significant role at the European level in financial advisory services through its branches in London, Paris, Frankfurt and Madrid, and through Messier Maris & Associés, in which it holds a 66.4% stake. A client-based approach is adopted, backed by in-depth knowledge of the financial issues and a consolidated track record in executing deals. The operating unit is organized into different industry teams covering individual industries in order to provide more effective specialisation.

Corporate finance is structured in the following activities:

- defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- company valuations, on a standalone basis and for purposes of setting exchange ratios;
- relations with authorities: assistance in handling relations with market and regulatory authorities, principally CONSOB and Borsa Italiana.

Lending and Structured Finance

The Financing teams serve Mediobanca's Italian and international customers, through the branch offices located in Paris, Frankfurt, London and Madrid, to offer:

- advice in evaluating possible capital structures and financing solutions available from among a vast series of debt products, including considering possible implications in terms of rating;
- structuring and executing lending transactions;
- access to the international syndicated loans market;
- facility and security agent services for corporate and structured lending transactions.

The main products of the Lending and Structured Finance unit are:

- *Corporate Lending* (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors; and

- *Structured Finance* (acquisition finance, loans for LBO/MBOs, project finance, infrastructure finance, real estate finance): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of their size these are often syndicated on the international market. On the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts.

Capital Markets

Mediobanca operates on both the primary and secondary markets, trading equities and fixed-income securities, foreign exchange products and credit risk, interest rate and exchange rate derivatives.

In the equity market (primary and secondary), activity is divided into the following areas:

- *Equity Capital Markets*: Mediobanca is the Italian leader and has a role of increasing importance internationally in structuring, co-ordinating and executing equity capital markets transactions, such as IPOs, rights issues, secondary offerings and ABOs, and bonds convertible into equity solutions (equity derivatives to manage investments and treasury shares): this unit structures and implements extraordinary financing transactions involving equity investments and treasury shares; using a dedicated trading platform, the team offers customers innovative, high value-added solutions, and also handles any legal, accounting, tax and regulatory issues;
- *Equity Finance (securities lending, equity repos, collateralized financing)*: the unit offers tailored securities lending solutions, which range from simple loans to hedge short-/medium-term positions, to equity repos, to upgrades and collateralized financing;
- *Equity Derivatives Institutional Marketing*: a range of equity-linked investments are offered to banks, insurances, asset managers and family offices, from synthetic replications of simple underlying assets to sophisticated protection mechanisms and solutions for increasing the return on portfolios, funded or unfunded;
- *MB Securities*: this is Mediobanca's equity brokerage division, offering global access to equity markets and research on the Italian market (over 100 companies are covered), plus a pan-European focus on the financials sector (banks and insurances); a dedicated team also offers corporate broking services.

As for the debt market, the activity is divided into the following areas of operation:

- *Debt Capital Market*: this team originates, structures, executes and places corporate and financial bond issues, covered bonds and securitizations to meet its customers' financing needs.
- *CMS*: this area structures solutions based on interest rates, credit and alternative products; it targets corporate clients, banks and institutional investors who need to restructure their investment portfolios, increase asset liquidity and diversify their sources of funding. An activity of advisory services and structuring of *ad hoc* solutions on alternative investments focusing on institutional investors.

Specialty Finance

Our Specialty Finance activities include managing and financing credit and working capital. We have operations in factoring with MBFacta and in the credit management sector with MBCredit Solutions.

- **MBCredit Solutions** has for many years performed credit recovery activities (on behalf of the Group companies and third parties) and NPL portfolio acquisitions.
- **MBFacta** provides trade receivables sale and discount services (with and without recourse, maturity, supply credit) to refinance corporate working capital. As well as the financial benefits, this service can also include an insurance component (guarantee against insolvency or delays in payments) and/or a management component (portfolio management, accounting, collection and recovery). The factoring platform's factoring offering will be tailored specifically to developing the Mid Corporate segment in synergy with the other services offered by CIB to this category of firm.

Principal Investing

Mediobanca has an equity portfolio of investments made over time, consisting of minority stakes in leading Italian and international companies, most of which are listed. As a result of the recent introduction of tighter regulations on regulatory capital and Mediobanca's desire to concentrate more on highly-specialized banking activities, this portfolio of investments is in the process of being reduced. Mediobanca's investment in Assicurazioni Generali is assigned to the Principal Investing division, in view of its size and the value option which the investment represents for the Group in terms of available, liquid resources that can be activated in the event of growth acquisitions materializing.

Company	Sector	% of share capital	Book value as at 30/6/20
Assicurazioni Generali	Insurance	12.9%	€m 3,163

Leasing

Mediobanca owns a direct 60% stake in the SelmaBipiemme Leasing group, with the other 40% held by the Banca Popolare di Milano. The group operates in financial leasing.

Treasury

The Group's Treasury and ALM units are centralized with the purposes of optimizing the funding and liquidity management. This Proprietary Funding division is responsible for structuring, issuing and placing debt products, the proceeds from which are used to finance the Bank's activities. Funding operations, supported by Mediobanca's high credit rating, take the form primarily of the issuance of securities, both plain vanilla and structured. Securities are placed with retail investors through public offers (executed using the CheBanca! owned network, and via networks of individual third banks – including that of BancoPosta – either on an exclusive basis or via groups of banks as syndicates), and direct sales are made on the MOT bond market operated by Borsa Italiana. Demand from institutional investors is met via public offers of securities on the Euromarket and by private placements of products customized to meet the subscribers' specific needs.

New products or new activities

Without prejudice to the contents hereof, no significant new products and/or services have been introduced that are worth being recorded or disclosed publicly.

Principal markets

The Mediobanca Group's activities are principally focused on the domestic market (from a geographical standpoint Italy accounts for approx. 80% of the Group's loan book). In particular:

- Corporate & Investment Banking (CIB): half the revenues and loan book for this division is originated by the Italian market, the other half by other countries (notably France, Germany, Spain and the United Kingdom): the division employs some 630 staff, around 155 of whom are based outside Italy;
- Consumer banking: activities focus exclusively on the Italian market, and employ approx. 1,441 staff at 261 branches/agencies;
- Wealth Management (WM): this division's activity is focused primarily on the Italian market, with the exception of CMB (which operates in the Principality of Monaco), RAM AI (which operates throughout Europe from its headquarters in Switzerland), and Cairn Capital (which operates in the United Kingdom); and employs 2,021 staff, with approximately 1,000 FAs/relationship managers, and 117 branches;
- Leasing activities chiefly target the domestic market.

Organizational Structure

Description of organizational structure of group headed up by Mediobanca

Mediobanca is the parent company of the Mediobanca Banking Group.

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca Group as at the date hereof.



Subsidiaries and main investee companies

A list of the main Group companies included in the area of consolidation for the consolidated financial statements as at the date of this document is shown below:

Group companies

Group companies

COMPASS Banca S.p.A.	Italy	100%	(dir)
CHEBANCA! S.p.A.	Italy	100%	(dir)
SELMABIPIEMME LEASING S.p.A.	Italy	60%	(dir)
Compagnie Monégasque de Banque S.A.M.	Principality of Monaco	100%	(dir)
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.	Luxembourg	100% ¹	(dir)
SPAFID S.p.A.	Italy	100%	(dir)
SPAFID TRUST S.r.l.	Italy	100%	(indir)
SPAFID CONNECT S.p.A.	Italy	100%	(indir)
MEDIOBANCA SECURITIES USA LLC	United States	100%	(dir)
Mediobanca SGR S.p.A.	Italy	100%	(dir)
Mediobanca Management Company S.A.	Luxembourg	100%	(dir)
MBCREDIT SOLUTIONS S.p.A.	Italy	100%	(indir)
RICERCHE E STUDI S.p.A.*	Italy	100%	(dir)
Mediobanca Innovation Services S.c.p.A.	Italy	99.99%	(dir)
FUTURO S.p.A.	Italy	100%	(indir)
PROMINVESTMENT S.p.A. in liquidation	Italy	100%	(dir)
MBFACTA S.p.A.	Italy	100%	(dir)
QUARZO S.r.l.	Italy	90%	(indir)
QUARZO CQS S.r.l.	Italy	90%	(indir)
MB COVERED BOND S.r.l.	Italy	90%	(indir)
C.M.B. ASSET MANAGEMENT S.A.M.	Principality of Monaco	99.10%	(indir)
C.M.G. COMP. MONEG. D.G. S.A.M.	Principality of Monaco	99.92%	(indir)
C.M.B. WEALTH MANAGEMENT (in liquidation)	United Kingdom	100%	(dir)
COMPASS RE S.A.*	Luxembourg	100%	(indir)
MEDIOBANCA INTERNATIONAL IMMOBILIERE S.à r.l.	Luxembourg	100%	(indir)
CAIRN CAPITAL GROUP Ltd	United Kingdom	70.93%**	(dir)
CAIRN CAPITAL Ltd	United Kingdom	70.93%**	(indir)
CAIRN CAPITAL NORTH AMERICA Inc. (not operative)	United States	70.93%**	(indir)
CAIRN FINANCIAL GUARANTEE Ltd. (not operative)	United Kingdom	70.93%**	(indir)
CAIRN CAPITAL INVESTMENTS Ltd. (not operative)	United Kingdom	70.93%**	(indir)
CAIRN INVESTMENTS MANAGERS Ltd. (not operative)	United Kingdom	70.93%**	(indir)
AMPLUS FINANCE Ltd. (not operative)	United Kingdom	70.93%**	(indir)
MB FUNDING LUX S.A.	Luxembourg	100%	(dir)
SPAFID FAMILY OFFICE SIM S.p.A.	Italy	100%	(indir.)
RAM Active Investments S.A.	Switzerland	69%***	(dir.)
RAM Active Investments S.A. Luxembourg	Luxembourg	69%***	(ind.)
MESSIER MARIS & ASSOCIES S.A.S.	France	66.4%	(dir)
MESSIER MARIS & ASSOCIES LLC.	United States	50%	(indir)
MB CONTACT SOLUTIONS S.R.L.*	Italy	100%	(indir)
COMPASS RENT*	Italy	100%	(indir)

¹ 1% of Compass

* It is not part of the Mediobanca Banking Group

** The shareholding is of 100% if the put & call agreements concluded upon the acquisition are also computed

*** The shareholding is of 89.25% if the put & call agreements concluded upon the acquisition are also computed

Forecasts or estimates of profits

No profit forecasts or estimates have been made in the Offering Circular.

Information on recent trends

No substantial adverse changes have taken place in Mediobanca's or the Group's prospects since 30 June 2020. Since 30 June 2020 there have been no significant changes in the financial results of Mediobanca and the Group headed by it.

Information on trends, uncertainties, requests, commitments or known facts which could reasonably be expected to have material repercussions on the Issuer's prospects for at least the current financial year

Mediobanca is not aware of any information on trends, uncertainties, requests, commitments or facts known which could reasonably have significant repercussions on Mediobanca's prospects for the current financial year.

Bodies Responsible for governance, management and supervision

Information on bodies responsible for governance, management and supervision

Information on the Bank's bodies responsible for governance, management and supervision is provided below, as updated following the Annual General Meeting held on 28 October 2020.

Changes in the composition of the governing bodies and other information related to them are published from time to time on the Issuer's website at www.mediobanca.it in the relevant section <https://www.mediobanca.com/en/corporate-governance/index.html>, without prejudice to the obligations set out under article 94, paragraph 7, of the Italian Legislative Decree 58/98 in respect of the drawing up of a supplement.

Board of Directors

The Board of Directors, appointed on 28 October 2020 for the 2021, 2022 and 2023 financial years, consists of fifteen members, twelve of whom qualify as independent under Article 148, paragraph 3 of Italian Legislative Decree 58/98, ten of which also qualify as independent under Article 19 of the company's Articles of Association (the requisites for which definition are substantially aligned with those of the Code of Conduct in respect of listed companies¹). Its composition also reflects the legal requirements in terms of gender balance.

Composition of Board of Directors

Name	Post held	Place and date of birth	Term of office expires	Independence	Principal activities performed outside Mediobanca
Renato Pagliaro	Chairman	Milan, 20/2/57	28/10/23		Director, Istituto Europeo di Oncologia
Maurizia Angelo	Deputy Chairman	Rome, 18/6/48	28/10/23	a) b)	-
Commeno ¹					-
Alberto Nagel ¹	CEO	Milan, 7/6/65	28/10/23		-
Francesco Saverio Vinci ¹	General Manager	Milan, 10/11/62	28/10/23		-
Virginie Banet	Director	18/1/66	28/10/23	a) b)	Independent Member of the Board and member of the Audit Committee, NETGEM; Independent Member of the Supervisory Board and member of the Finance and Audit Committee, VALLOUREC; Founder, IOLITE Financial Consulting
Maurizio Carfagna	Director	Milan, 13/11/47	28/10/23	a) b)	CEO, Mc&Partners S.r.l.; CEO, T-Invest S.r.l.; Director FingProg Italia; Director, Futura Invest; Director, Istituto Europeo di Oncologia; Director, Lina S.r.l.; Director, Fiveflowers S.r.l.
Laura Cioli	Director	10/7/63	28/10/23	a)	-

¹ The definition considers parties holding an interest of more than 2% or which are significant representatives in their own groups as not independent, regardless of whether or not they are parties to shareholder agreements.

Name	Post held	Place and date of birth	Term of office expires	Independence	Principal activities performed outside Mediobanca
Maurizio Costa	Director	Pavia, 29/10/48	28/10/23	b) a)	Director, Amplifon
Angela Gamba	Director	Palazzolo sull'Oglio (BS), 15/8/70	28/10/23	b) a)	Director, FPS Investments S.r.l.; Director, Medical Technology and Devices SA; Director, Edison
Valérie Hortefeux	Director	Aulnay (France), 14/12/67	28/10/23	a) b)	Director, Blue Solutions Director, Ramsay – Générale de Santé Director, Socfinasia CEO, Sky Italia
Maximo Ibarra	Director	Calì (Colombia), 13/12/68	28/10/23	a) b)	-
Alberto Lupoi	Director	Rome, 29/03/70	28/10/23	a) b)	-
Elisabetta Magistretti	Director	Busto Arsizio, 21/7/47	28/10/23	b)	Director, Freni Membro; Director, Smeg
Vittorio Pignatti-Morano	Director	Rome, 14/9/57	28/10/23	a) b)	Executive Chairman, Trilantic Europe; Director, Pharmacontractt; Director, Edizione; Director, Marex Group; Director, ICS Maugeri Standing Auditor, Edison
Gabriele Villa ¹	Director	Milan, 18/6/64	28/10/23	b)	

¹ Member of Executive Committee.

a) Qualifies as independent pursuant to Article 19 of the company's Articles of Association.

b) Qualifies as independent pursuant to Article 148, para. 3 of the Italian Finance Act.

All Board members are in possession of the requisites to hold such office set by the regulations in force at the time.

The address for all members of the Board of Directors for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Statutory Audit Committee

Composition of Statutory Audit Committee:

Post held	Name	Place and date of birth	Term expires	Principal activities performed outside Mediobanca as significant with respect to Mediobanca
Chairman	Francesco di Carlo	Milan, 4/10/69	28/10/23	-
Standing Auditor	Ambrogio Virgilio	Bari, 5/01/56	28/10/23	Client Serving Contractor, EY S.p.A
Standing Auditor	Elena Pagnoni	10/05/63	28/10/23	Partner, Legàlia (law firm)
Alternate Auditor	Roberto Moro	Milan, 04/03/55	28/10/23	Chairman of the Statutory Audit Committee, IRE Holding S.r.l.
Alternate Auditor	Stefano Sarubbi	Milan, 06/12/65	28/10/23	Chairman of the Statutory Audit Committee, INWIT; Chairman of the Statutory Audit Committee, Coca Cola Italia; Standing Auditor, Mattel Italy; Internal Auditor, Shiseido Italy
Alternate Auditor	Marcella Caradonna	22/05/59	28/10/23	Chairman, Order of Chartered Accountants and Accounting Experts of Milan

All Statutory Audit Committee members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence; and are all registered as auditors.

The address for all members of the Statutory Audit Committee for the duties they discharge is: Piazzetta E. Cuccia 1, Milan, Italy.

Conflicts of interest among bodies responsible for governance, management and supervision

A ban was instituted pursuant Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding positions in companies which operate in the same sectors. Each year the Board of Directors assesses the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director, including in order to avoid potential conflict of interest, shall inform the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Italian Consolidated Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies controlled by such parties.

Members of the bodies responsible for governance, management and supervision are also required to comply with the following provisions:

- Article 53 of the Italian banking act and implementing regulations enacted by the Bank of Italy, in particular the supervisory provisions on links with related parties;
- Article 2391 of the Italian Civil Code (Directors' Interests);
- Article 2391-bis of the Italian Civil Code (Transactions with Related Parties). Transactions with "related parties" are described in part H of the financial statements for the twelve months ended 30 June 2020.

Mediobanca and its governing bodies have adopted internal measures and procedures to ensure compliance with the provisions referred to above.

Main Shareholders

Information on ownership structure

No party controls Mediobanca according to the definition provided in Article 93 of the Italian banking act.

Based on the shareholders' register and publicly available information as at 28 October 2020, the following individuals and entities own directly or indirectly financial instruments representing share capital with voting rights in excess of 3% of the company's share capital, directly or indirectly, are listed below:

Shareholder	% of share capital
Leonardo Del Vecchio ⁽¹⁾	10.16%
Bolloré group ⁽²⁾	5.60%
BlackRock group ⁽³⁾	3.98%
Mediolanum group	3.28% ⁽⁴⁾

⁽¹⁾ Indirect participation

⁽²⁾ Source: 2019 financial statements and 2020 interim report of Bolloré group.

⁽³⁾ BlackRockInc. (NY), via fifteen asset management subsidiaries, 0.514% of which by way of potential investment and 0.216% as contracts of differences (mod. 120B of 29/10/2018).

⁽⁴⁾ Of which MEDIOLANUM VITA S.p.A. (0.73%) and BANCA MEDIOLANUM S.p.A. (2.55%)..

The information on the Issuer's main shareholders is updated from time to time on its website www.mediobanca.com in the relevant section <https://www.mediobanca.com/en/corporate-governance/main-shareholders/main-shareholders.html>, without prejudice to the obligations set out under article 94, paragraph 7, of the Italian Legislative Decree 58/98 in respect of the drawing up of a supplement.

Description of any agreements known to the Issuer which may subsequently give rise to a change in the control of the Issuer.

On 20 December 2018, the shareholders of Mediobanca S.p.A. entered into a consultation agreement (under article 122 of the Italian Legislative Decree 58/98 and the CONSOB Regulation No. 11971 of 14 May 1999, as

amended) that gathers about 12.61% of the share capital of Mediobanca and does not provide for blocking or voting undertakings in respect of the contributing shares. Among the others, Mediolanum group, Schematrentatre (Edizione), Fininvest, Fin.Priv., Gavio group and Ferrero group entered into the agreement, for a total of 20 shareholders. The agreement sets forth the meetings procedures, in order to share views and thoughts in respect of the Group performance, in a context of equality with the market under an informational perspective. The underwriters of the agreement have acknowledged that the presentation of the list of Directors for the purposes of renewing the Board of Directors (as already provided for in Mediobanca's Articles of Association) is the preferable practice to follow. The agreement will expire on 31 December 2021 but provides for an automatic renewal for other 3-years-periods among the participants that will not give a 3 months notice before the expiry date (as potentially extended).

The agreement has been filed with the Milan-Monza-Brianza-Lodi Companies' Register and an excerpt of may be found on the website www.mediobanca.com in the relevant corporate section <https://www.mediobanca.com/it/corporate-governance/azionisti/Accordo-tra-soci-Mediobanca.html>.

Auditors of the Financial Statements

External auditors and auditors responsible for auditing the financial statements

At an annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers S.p.A. to audit the Bank's separate and consolidated full-year and interim financial statements up to and including the financial year ending 30 June 2021.

PricewaterhouseCoopers S.p.A. a company with its registered offices in via Monte Rosa 91, Milan, Italy, has audited the separate and consolidated financial statements of Mediobanca as at 30 June 2019 and 2020. PricewaterhouseCoopers S.p.A is registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Legali*) maintained by MEF (*Ministero dell'Economia e delle Finanze*) in compliance with the provisions of Legislative Decree No. 39 of 27 January 2010 (the **Decree 39/2010**).

External supervisory bodies other than the external auditors

There are no external supervisory bodies other than the external auditors.

Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements

No resignations, dismissals or failures to renew the appointment of the external auditors have occurred during the period under review.

Judicial proceedings and inspections in course

As at the date hereof, none of Mediobanca and its consolidated subsidiaries is or has 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 of money which may have, or have had, a material impact on the Group's financial position or profitability.

As at 30 June 2020, the provisions for risks and charges amounts to €129.5m and includes €12.7m relating to undertakings to grant loans and issued financial guarantees (which were classified among the other liabilities in the previous FY), €2.6m of staffing costs and pensions and €113.3m to cover litigation and other contingent liabilities.

A description of the main litigation pending is provided below:

Civil litigations - damage claims

The most significant litigation pending against Mediobanca is as follows:

- **Fondazione Monte dei Paschi di Siena (FMPS):** claims against former directors of FMPS and Mediobanca, jointly with another thirteen banks. The liability with which the banks are charged is non-contractual, for the alleged damages caused in connection with the execution of the Term Facility Agreement on 4 June 2011 and the consequent breach of FMPS's Articles of Association (20% limit on debt/equity ratio) in a total amount of €286m. The dispute is currently pending before the Court of Florence.

- Lucchini S.p.A. in extraordinary administration (**Lucchini**): against twelve banks, including Mediobanca, for their alleged involvement in the financial disaster which affected the company on account of their having compiled and implemented a business and financial plan for Lucchini based on estimates alleged to have been unrealistic as well as a restructuring agreement pursuant to Article 182-bis of the Italian bankruptcy law which included guarantees too favorable for the banks, leading to a delay in Lucchini entering the extraordinary administration procedure. It should be noted that with a sentence of 21 July 2020, the Judge rejected Lucchini's request (as it had been amended with the first brief pursuant to Article 183 of the Italian Procedural Civil Code) because he considered the right of compensation brought in court to be extinguished by prescription. The possibility remains open for the counterparty to challenge the sentence before the Milan Court of Appeal.

Administrative and tax disputes

With regard to the pending disputes with the Italian revenues authorities, the conclusion of an inspection by the Italian Revenue Agency (*Agenzia delle Entrate*), which began in 2018 and concerned the 2014/15 and 2015/16 financial years of Mediobanca within which three macro disputes emerged:

- failure to apply the taxation for transparency, provided for by the legislation on Controlled Foreign Companies (**CFC**), of the income produced by *Compagnie Monégasque de Banque* and *Compagnie Monégasque de Gestion* for the years 2013, 2014 and 2015 divided as follows:
 - an assessment notice (*avviso di accertamento*) for the alleged omitted taxation by Mediobanca in the 2013/2014 financial year of 2013 profits for a disputed tax of 21.3 million (plus interest and penalties) notified at the end of 2018;
 - an assessment notice (*avviso di accertamento*) for the 2014/15 financial year (2014 profits), for a disputed tax of 16.1 million (plus penalties and interest) notified last December;
 - a report of findings (*processo verbale di contestazione, PVC*), issued in October 2019, for the 2015/2016 financial year (2015 profits), which has not yet been followed up with an assessment notice (*avviso di accertamento*);
- failure to apply withholdings on interest expense paid as part of a secured finance transaction contested with a specific assessment for 2014 (tax of 2.3 million, plus penalties and interest) and recovery, for 2015, in the above mentioned PVC;
- dispute on the application of transfer pricing between Mediobanca and Mediobanca International in the years 2012/13 to 2016/17. Regarding this dispute, an agreement was reached with the Italian Revenue Agency in October 2019 which involved an outlay of 21 million, plus interest, but without penalties (so-called penalty protection). At the same time, a new transfer pricing method was shared with the aim of minimizing pro-future tax risks. On this occasion, Mediobanca also voluntarily freed up profit reserves (for a total of 42 million) deriving from the activities of Mediobanca International before 2002, i.e. when the transparency taxation mechanism for subsidiaries based in a country in existence was not yet in place. privileged taxation (so-called black list); Mediobanca International, for its part, is preparing the application to the Luxembourg Tax Authority for the recovery of the higher taxes paid in relation to taxable revenues attributed by the Italian Revenue Agency to Italy.

With regard to the first two disputes, Mediobanca challenged the relative provisions; in November 2019 the appeal presented by Mediobanca for the CFC assessment of 2018 was discussed before the Provincial Tax Commission of Milan and a sentence is pending.

The other relevant elements of the year concern the favorable conclusion of:

- process of adhesion (*processo di adesione*) to the scrapping of the disputes referred to in art. 6 of the DL n. 119/2018 for 7 of the 8 Selma BPM disputes (tax ascertained for 11.7 million, plus penalties and interest for 35.2 million) which can therefore be considered concluded;
- dispute relating to the alleged failure to pay by Chebanca! of the registration tax on the purchase deed of the Barclays business unit, both measures received a favorable ruling by the Court of Appeal, confirming those of the first instance; and

- remission of the tax notice delivered to Mediobanca last year regarding automated control on 2015 Single Model of former Banca Esperia.

Other tax disputes

In addition to the above, as at 30 June 2020, the Mediobanca Group had 14 pending tax disputes:

- three disputes pending in the Italian Supreme Court (*Corte di Cassazione*), of which one relating to the leasing activity (ascertained tax of 191 thousand euros), one relating to the former Banca Esperia on the alleged failure to report a transfer of money abroad as part of the tax monitoring communication, against which fines of 5.9 million euros were imposed (already paid) and the third within Mediobanca SGR which was sued as manager of the real estate fund "Marsupio" in relation to the alleged omitted payment substitute tax on 3 operations for a higher ascertained tax of 746 thousand Euros (to be paid by the fund);
- three disputes relating to the non-repayment of which one for interest accrued as part of the Selma BPM VAT dispute; in particular, the ruling of the Court of Appeal of Milan confirmed the non-repayment of interest for 470 thousand euros relating to the year 2008; and
- eight disputes relating to direct and indirect taxes, of minor significance and with different degrees of judgment for a total tax assessed equal to 1.2 million euros.

In December 2019 the checks carried out by the French and German tax authorities, respectively, on the Mediobanca branches in Paris and Frankfurt were completed; in both cases, the verification, focused on the analysis of the transfer pricing policies in place with the parent company, resulted in a refinement of the policies and the stipulation of settlement agreements, without incurring penalties (except for an irrelevant amount for interest) and taking into account the possibility of recovering in Italy the higher taxes paid abroad.

Significant changes in Mediobanca's financial position

There have been no significant changes to financial or commercial position or to the financial performance of Mediobanca or the other companies forming part of the Group since the most recent financial information available was disclosed in the audited consolidated or non-consolidated, as the case may be, audited annual financial statements as at 30 June 2020.

Material Agreements

Neither Mediobanca nor any of the companies controlled by Mediobanca has entered into or participates in agreements outside of their normal course of business which could result an obligation or entitlement for Group members that would impact significantly on the Issuer's ability to meet its obligations in respect of the holders of financial instruments issued or to be issued.

Share Capital

As at the date hereof, the Issuer's fully subscribed and paid up share capital amounts to €443,616,723.50, made up of 887,233,447 ordinary par value €0.50 shares.

Any update of the share capital is published from time to time on the Issuer's website www.mediobanca.com in the relevant section <https://www.mediobanca.com/it/dati-sociali-1.html>, without prejudice to the obligations set out under article 94, paragraph 7, of the Italian Legislative Decree 58/98 in respect of the drawing up of a supplement.

TAXATION

General Taxation Information

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practises of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Notes and the death of a holder of any Note may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

TAXATION

The following is a general overview of certain Italian and Luxembourg tax aspects of the purchase, the ownership and the disposal of the Notes. It does not purport to be a comprehensive description of all the tax issues 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 and of Notes, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult in any case their own tax advisers concerning the overall tax regime of their purchase, ownership and disposal of the Notes.

This overview assumes that Mediobanca is resident for tax purposes in the Republic of Italy and the Issuers are resident for tax purposes in the Grand Duchy of Luxembourg respectively and are structured and conduct their business in the manner outlined in this Offering Circular. Changes in Mediobanca and/or either Issuer's organisational structure, tax residence or the manner in which each of them conducts its business, may invalidate this overview. This overview also assumes that each transaction with respect to the Notes is at arm's length.

Where in this overview English terms and expressions are used to refer to Italian and Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian and Luxembourg concepts under Italian and Luxembourg tax laws.

This overview is based upon the laws and/or practice in force as at the date of this Offering Circular, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis.

Neither Mediobanca nor the Issuers will update this summary to reflect changes in law and/or practice. If any such change should occur, the information in this overview could become obsolete.

References to "Noteholders" herein are references to the holders of the Notes.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally.

Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income taxes, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Holders of Notes

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as modified (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payment of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 %.

Income Taxation

(i) Non-resident holders of Notes

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

(ii) Resident holders of Notes

Holders of Notes who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Luxembourg resident corporate holder of Notes

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate holder of Notes that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as

amended, by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in article 48 thereof is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

Luxembourg resident individual holder of Notes

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 20% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Net Wealth Taxation

A corporate holder of Notes, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, by the law of 23 July 2016 on reserved alternative investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended².

An individual holder of Notes, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or *ad valorem* registration duty may be due upon the registration of the Notes in Luxembourg in the case where the Notes are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

² Please however note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may, under certain conditions, be subject to minimum net wealth tax.

Italy Taxation

Italian Tax treatment of the Notes

As clarified by the Italian tax authorities in resolution No. 72/E of 12 July 2010, the Notes may be subject to different tax regimes depending on whether:

- they represent a debt instrument implying a use of capital (*impiego di capitale*), through which the Noteholders transfer to the Issuer a certain amount of capital, for the economic exploitation of the same, subject to the right to obtain a (partial or entire) reimbursement of such amount at maturity; or
- they represent derivative financial instruments or bundles of derivative financial instruments not entailing a "use of capital", through which the Noteholders purchase indirectly underlying financial instruments.

(a) Notes representing debt instruments implying a "use of capital" qualifying as bonds or similar securities

Italian resident Noteholders

Pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended (**Decree No. 239**), a substitute tax (referred to as *imposta sostitutiva*) at a rate of 26 per cent. is applied on interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as **Interest**) on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended (**Decree No. 917**) issued by a non-Italian resident issuer accrued during the relevant holding period, if received by:

- (1) an Italian resident individual not engaged in an entrepreneurial activity to which the Notes are connected;
- (2) Italian resident non commercial partnerships;
- (3) Italian resident non-commercial private or public institutions; or
- (4) Italian resident investors exempt from Italian corporate income taxation;

For this purpose, pursuant to Article 44 of Decree No. 917 bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation to pay, at redemption or maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or control of) the management of the issuer.

If the Noteholders described under paragraphs (1) and (3) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. As a consequence, the Interest is subject to the final ordinary income tax and the substitute tax may be recovered as a deduction from the final income tax due.

Imposta Sostitutiva is generally applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, management companies (*società di gestione del risparmio*), stock brokers and other qualified entities identified by a decree of the Ministry of Finance (together the **Intermediaries** and each an **Intermediary**). An Intermediary must (a) be (i) resident in Italy, (ii) a permanent establishment in Italy of a non-Italian resident Intermediary or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239, and (b) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the substitute tax is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign

intermediary) that intervenes in the payment of Interest to any Noteholder. Where Interest on Notes beneficially owned by the subjects from paragraphs (1) to (4) above are not collected through the intervention of an Italian resident intermediary and as such no substitute tax is applied, the above Italian resident beneficial owners will be required to declare Interest in their yearly income tax return and subject them to final substitute tax at a rate of 26 per cent. (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected), unless option for a different regime is allowed and made. Italian resident Noteholders that are individuals not engaged in entrepreneurial activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in 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 and the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth under Italian law. Where an Italian resident Noteholder who is beneficial owner of the Notes is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes and relevant coupons are timely deposited with an Intermediary, Interest from the Notes will not be subject to the substitute tax, but must be included in the relevant Noteholder's annual 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 regional tax on productive activities - **IRAP**). In such cases, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

Italian resident real estate investment funds and Italian resident real estate investment companies with fixed capital (*società di investimento a capitale fisso*, **Real Estate SICAFs**, and, together with the Italian real estate investment funds, the **Real Estate Funds**) qualifying as such from a legal and regulatory perspective and subject to the regime provided for by, *inter alia*, Law Decree No. 351 of 25 September 2001 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of such Real Estate Funds, provided that the Notes, together with the relevant coupons, are timely deposited with an authorised Intermediary. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by a Real Estate Fund or upon redemption or sale of the units or shares in the Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in a Real Estate Fund owning more than 5 per cent. of the Real Estate Fund's units or shares.

Where an Italian resident Noteholder is an open-ended or a closed-ended investment fund, an investment company with variable capital (*società di investimento a capitale variabile* (**SICAV**)), an investment company with fixed capital (*società di investimento a capitale fisso*, **SICAF**) other than a Real Estate SICAF (together, the **Funds**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorised intermediary, Interest on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent. may in certain circumstances apply to distributions made in favour of unitholders or shareholders or in case of redemption or sale of the units or shares in the Fund (the **Collective Investment Fund Withholding Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of 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 each tax period, to be subject to the to a 20 per cent. annual *imposta sostitutiva* (the **Pension Fund Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the Pension Fund 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.

Non-Italian resident Noteholders

No Italian substitute tax is applied on payments to a non-Italian resident Noteholder not having a permanent establishment in Italy to which the Notes are effectively connected of Interest relating to Notes issued by a non-Italian resident issuer.

If Notes issued by a non-Italian resident issuer and beneficially owned by non- Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a self-declaration stating that he or she is not resident in Italy for tax purposes.

Capital gains tax

Italian resident Noteholders

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 or a similar commercial entity, including the permanent establishment in Italy of foreign entities to which the Notes are effectively connected, or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual not engaged in entrepreneurial activity to which the Notes are connected, (ii) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities, or (iii) a private or public institution (other than companies), a trust not carrying out mainly or exclusively commercial activities, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to *imposta sostitutiva*, levied at the rate of 26 per cent..

Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in 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 and the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth under Italian law.

In respect of the application of *imposta sostitutiva*, taxpayers under (i) to (iii) above 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 Noteholders under (i) to (iii) above, *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 investor holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder 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 *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, Noteholders under (i) to (iii) above 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 (including permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for

accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to 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, such loss 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) Any capital gains realised by Italian Noteholders under (i) to (iii) above entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the Asset Management Regime 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. Under the Asset Management Regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder that is a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund. However, a withholding tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by a Real Estate Fund or upon redemption or sale of the units or shares in the Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in a Real Estate Fund owning more than 5 per cent. of the Real Estate Fund's units or shares.

Any capital gains realised by an Italian Noteholder that is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. Such result will not be taxed at the level of the Fund, but income realised by unitholders or shareholders in case of distributions, redemption or sale of the units or shares, may be subject to the Collective Investment Fund Withholding Tax.

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by Article 17 of 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 Pension Fund Tax. Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the Pension Fund 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.

Non-Italian resident Noteholders

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, 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 the Notes are not subject to Italian taxation to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

(b) Notes representing debt instruments implying a "use of capital" qualifying as atypical securities

Notes that cannot be qualified as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) could be considered as 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 (**Decree No. 512**) as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Notes may be subject to an Italian withholding tax, levied at the rate of 26%..

The 26 per cent. withholding tax does not apply to payments made to an Italian resident Noteholder which is (i) an Italian resident commercial partnership, (ii) an Italian resident company or a similar Italian resident commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are effectively connected) and (iii) a commercial private or public institution.

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 withholding tax on Interest relating to the Notes not falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) and qualify as *titoli atipici* ("atypical securities") pursuant to Article 5 of Decree No. 512, if such 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 arising from the upon sale, transfer or redemption of the Notes qualifying as atypical securities are subject to the same tax regime described above under the caption "Notes representing debt instruments implying a "use of capital" qualifying as bonds or similar securities – Capital gains tax".

(c) Notes representing derivative financial instruments or bundles of derivative financial instruments

The tax regime applicable to Notes qualifying as securitized derivative financial instruments not entailing a "use of capital" and representing derivative financial instruments or bundles of derivative financial instruments and Notes entitling the holder to purchase shares is the same described above under the caption "Notes representing debt instruments implying a "use of capital" qualifying as bonds or similar securities – Capital gains tax".

Securities that cannot be qualified as securitised derivative financial instruments not entailing a "use of capital", may qualify as "atypical securities" (*titoli atipici*), whose tax regime is described under section "Notes representing debt instruments implying a "use of capital" qualifying as atypical securities" above.

Payments made by the Guarantor under the Guarantee

There is no authority directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26 per cent. levied as a final tax or a provisional tax ("*a titolo d'imposta o a titolo di acconto*") depending on the "*status*" of the Noteholder, pursuant to Presidential Decree No. 600 of 29 September 1973. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non- Italian residents, subject to proper compliance with relevant subjective and procedural requirements. In accordance with another interpretation, any such payment made by the Italian resident guarantor should be treated, in certain circumstances, as a payment by the relevant issuer and should thus be subject to the tax regime described in the previous paragraphs of this section.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, as converted in law, with amendments, pursuant to Law No. 286 of 24 November 2006, transfers of Notes as a result of death or donation are generally taxed in Italy as follows:

- (i) 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 the gift exceeding €1,000,000.00 for each beneficiary;
- (ii) 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;
- (iii) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000.00 for each beneficiary; and
- (iv) 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 the gift.

If the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding €1,500,000.00.

The transfer of financial instruments (including the Notes) as a result of death is exempt from inheritance tax when such financial instruments 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. **Transfer tax**

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only if they are voluntary registered or if a so-called "*caso d'uso*" or "*enunciazione*" case occurs.

Stamp duties

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree No. 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries, carrying out their business activity within the Italian territory, to their clients for the Notes deposited therewith. The stamp duty applies at the current rate of 0.2 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than € 34.20. If the Noteholder is not an individual, the stamp duty cannot exceed € 14,000.00.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which is not mandatory the deposit, the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable on a pro-rata basis.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 29 July 2009, as subsequently amended, supplemented and restated) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

Wealth tax on Notes deposited abroad

Pursuant to Article 19(18) of Decree No. 201, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes holding the Notes outside the Italian territory are required to pay an additional tax at the current rate of 0.2 per cent. (**IVAFE**). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of

wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990 (**Decree No. 167**), as amended by Law of 6 August 2013, No. 97 (*Legge Europea* 2013), individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes, under certain conditions, are required to report in their yearly income tax return, for tax monitoring purposes, the amount of investments (including the Notes) directly or indirectly held abroad during each tax year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

This obligation does not exist, *inter alia*, (i) in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, **provided that** income deriving from such financial assets is collected through the intervention of such an intermediary.

United Kingdom Taxation

The comments below are of a general nature based on a summary of the Issuers' understanding of current United Kingdom tax law (as applies in England and Wales) and HM Revenue & Customs (**HMRC**) published practice relating only to United Kingdom withholding tax treatment of payments of interest on the Notes and are not intended to be exhaustive. They do not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, disposing or the settlement or redemption of the Notes. In particular, they do not cover physically settled Notes. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Any prospective Noteholders who are in doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

United Kingdom withholding taxes can apply to a number of different types of payments. Those which could be relevant to securities such as the Notes include: interest, annual payments and manufactured payments. As a general matter, the Issuers may make payments under the Notes without any deduction of or withholding on account United Kingdom income tax if the payments do not have a United Kingdom source and they are not made by the Issuers in the course of a trade carried on in the United Kingdom through a branch or agency.

Payments of interest that does not have a United Kingdom source

Whether or not payments or any part of any payment on a Note will constitute "interest" will depend upon, amongst other things, the terms and conditions of the Notes and the basis upon which amounts payable on the Notes are calculated.

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax.

Payments of interest that has a United Kingdom source

If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **ITA**). The Luxembourg Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the Notes

carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest payable on the Notes with a maturity of less than 365 days from the date of issue and which do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days can be paid without withholding or deduction for or on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes which has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Annual and manufactured payments

References to “interest” in the preceding paragraphs are to interest as that term is used for United Kingdom taxation purposes. Some payments on the Notes could constitute either “annual payments” or “manufactured payments”.

Whether or not any periodic payment on a particular Note constitutes an “annual payment” and not “interest” for these purposes will depend on the terms and conditions of that Note and the basis upon which payments or repayment of principal are calculated. Payments on a Note which constitute “annual payments” may in any event be made without deduction of or withholding on account of United Kingdom income tax if the payment does not have a United Kingdom source. If an annual payment paid on a Note were to have a United Kingdom source, then the relevant Issuer may (subject to reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment on account of United Kingdom income tax at the basic rate (currently 20 per cent). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Payments on a Note could instead constitute “manufactured payments” if (i) the Note will or may settle by way of physical delivery; (ii) the assets which will or may be delivered are shares issued by a “company UK REIT” or the “principal company” of a “group UK REIT (all bearing the same meaning as in section 918 of the ITA)” or securities (other than shares) issued by the United Kingdom government, a local or other public authority in the United Kingdom or any other United Kingdom resident body; and (iii) the payments are representative of dividends on those shares, or interest paid on those securities (as the case may be). Payments on a Note which do constitute “manufactured payments” would in any event only be required to be made subject to deduction of or withholding on account of United Kingdom income tax if the relevant Issuer is resident in the United Kingdom or makes those payments in the course of a trade carried on in the United Kingdom through a branch or agency, in which case the relevant Issuer may (subject to reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment on account of United Kingdom income tax at the basic rate. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), commonly known as FATCA, withholding may be required on, among other things, (i) certain payments made by “foreign financial institutions” (**foreign passthru payments**) and (ii) dividend equivalent payments (as described below in “*U.S. Dividend Equivalent Withholding*”), in each case, to persons that fail to meet certain certification, reporting, or related requirements. The Issuers are foreign financial institutions for these purposes. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. If withholding would be required pursuant to FATCA or an IGA with respect to foreign passthru payments, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or before the relevant grandfathering date would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. The grandfathering date for (A) Notes that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) Notes that give rise to a dividend equivalent pursuant to Section 871(m) of the Code and the U.S. Treasury regulations promulgated thereunder, is six months after the date on which obligations of its type are first treated as giving rise to dividend equivalents. If additional notes (as described under “*Terms and Conditions—Further Issues*”) that are not distinguishable from such previously issued grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

U.S. Dividend Equivalent Withholding

Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, treats a “dividend equivalent” payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30 per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A “dividend equivalent” payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a “specified notional principal contract” that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). U.S. Treasury regulations issued under Section 871(m) and applicable guidance (the **Section 871(m) Regulations**) require withholding on certain non-U.S. holders of Notes with respect to amounts treated as dividend equivalent payments. Under the Section 871(m) Regulations, only a Note that has an expected economic return sufficiently similar to that of the underlying U.S. security based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such security a **Specified Security**). Certain exceptions to this withholding requirement apply, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on or upon the date of maturity, lapse or other disposition of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. Additionally, the relevant Issuer may withhold the full 30 per cent. tax on any payment on the Notes in respect of any dividend equivalent arising with respect to such Notes regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a Noteholder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A Noteholder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the U.S. Internal Revenue Service. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. If the relevant Issuer or any withholding agent determines that withholding is required, neither the relevant Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Securities issued on or after 1 January 2017. If the terms of a Note are subject to a “significant modification” (as defined for U.S. tax purposes), the Note generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Note is a Specified Security. Similarly, if additional Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing

Notes are Specified Securities as the date of such subsequent sale or issuance. Consequently, a previously out of scope Note, might be treated as a Specified Security following such modification or further issuance.

The applicable Pricing Supplement will indicate whether the relevant Issuer has determined that Notes are Specified Securities and will specify contact details for obtaining additional information regarding the application of Section 871(m) to Notes. A non-U.S. holder of such Specified Securities should expect to be subject to withholding in respect of any dividend-paying U.S. securities. The relevant Issuer's determination is binding on non-U.S. holders of Notes, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Notes linked to U.S. securities and their application to a specific issue of Notes may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme agreement dated 4 December 2020 (as amended, supplemented and/or restated from time to time the **Programme Agreement**), agreed with each of the Issuers and the Guarantor, a basis upon which the Dealers or any of them may from time to time agree to purchase Notes from the Issuers. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuers, failing which the Guarantor, have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Issuers may also agree to issue Notes to persons other than the Dealers on, and subject to, the terms of the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, if Category 2 is specified in the Pricing Supplement, to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to the registration requirements of the Securities Act.

Each Dealer has represented, warranted, undertaken and agreed and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each Dealer to which it sells Notes during the distribution compliance period 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. Terms used in the preceding paragraph and in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each issue of Index Linked Notes, Equity Linked Notes, Foreign Exchange Linked Notes, Dual Currency Notes, Credit Linked Notes and Exchangeable Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. Each Dealer has agreed and, if different, the relevant Dealer in respect of each such issue will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of sales to EEA and UK Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the European Economic Area or in the United Kingdom (the "UK"). 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 MiFID II; or
 - (ii) a customer within the meaning of 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 the Prospectus Regulation; and

- (b) the expression an "**offer**" includes 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.

In relation to each Member State of the EEA and the United Kingdom (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 Offering Circular as completed by the final terms in relation thereto 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; or
- (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(s) nominated by the relevant Issuer for any such offer; or
- (c) at any time in any other circumstances pursuant to Article 1(4) of the Prospectus Regulation, provided that no such offer of Notes referred to in (a) or (b) above shall require the relevant 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.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented, warranted and agreed that, save as set out below, it has not offered or sold, and will not make an offer of any Notes to the public in the Republic of Italy and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented, warranted and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the **PD Regulation**) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the PD Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any such offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) must:

- (i) be made by investment firms, banks or financial intermediaries 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, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, here applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time), and/or any other Italian authority.

United Kingdom

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) in relation to any Notes which have 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 whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (b) 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 or, would not if it were not an authorised person, apply to the relevant Issuer or, the Guarantor; and
- (c) it has complied with 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.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular or other information in relation to the Programme or the issue of any Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the relevant Issuer, the Guarantor or any other Dealer shall have any responsibility therefor.

None of the relevant Issuer, the Guarantor or any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes under the Programme by MB Funding Lux S.A. have been duly authorised by a written resolution of the Board of Directors dated 4 December 2020. Becoming an issuer under the Programme and the issue of Notes under the Programme by Mediobanca International (Luxembourg) S.A. have been duly authorised by a resolution of the Board of Directors dated 16 September 2019. The giving of the Guarantee by Mediobanca has been duly authorised by a written resolution adopted by its managing director (*Direttore Generale*) on 4 December 2020.

Listing of Notes

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and to listing on the Luxembourg Stock Exchange for a period of 12 months from the date of this Offering Circular.

Notes may also be listed, quoted and/or traded on or by other stock exchanges, competent listing authorities and/or quotation systems.

Documents Available

So long as Notes are capable of being issued under the Programme or any Notes are outstanding, copies of the following documents will, when published, be available in electronic form (unless the investor requests physical copies), and in the case of paragraphs (a), (b) and (e) below may be obtained free of charge from the principal office of the Paying Agent during usual business hours on any day (Saturdays, Sundays and public holidays excluded):

- (a) the constitutional documents of each Issuer and the Guarantor;
- (b) the consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2019 and 2020;
- (c) the non-consolidated annual financial statements of Mediobanca International as at and for the years ended 30 June 2019 and 2020;
- (d) the Programme Agreement, the Agency Agreement, the Custody Agreements, the Account Bank Agreements, the Programme Trust Deed, the Deed of Covenant, the Guarantee and the Schedule of Forms containing the forms of the Temporary and Permanent Global Notes, the definitive Notes, the Receipts, the Coupons and the Talons from time to time issuable under the Programme;
- (e) a copy of this Offering Circular;
- (f) any future offering circulars, information memoranda and supplements including Pricing Supplement (save that the applicable Pricing Supplement relating to an unlisted Note will only be available to a holder of such Note and such holder must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (g) in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

MB Funding Lux S.A currently does not publish consolidated financial statements.

Clearing Systems

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of either Issuer since its incorporation or of Mediobanca or the other companies forming part of the Group since the most recent financial information available was disclosed in the consolidated annual financial statements as at 30 June 2020. There has been no material adverse change in the financial position or prospects of either Issuer since its incorporation or of Mediobanca or its subsidiaries since 30 June 2020 (being the last day of the financial period in respect of which the most recent and available audited annual financial statements of Mediobanca have been prepared).

Legal Proceedings

Save as disclosed in this Offering Circular, neither of the Issuers, nor the Guarantor and its consolidated subsidiaries is or has been involved in any legal, arbitration or administrative proceedings relating to claims or amounts of money which may have, or have had in the recent past, significant effects on either Issuer or the Guarantor's financial position or profitability and, so far as each Issuer and the Guarantor are aware, no such legal, arbitration or administrative proceedings are pending or threatened.

FORM OF PRICING SUPPLEMENT

Applicable Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. 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 manufacturer’s target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND 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 in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (**MiFID II**)]**[MiFID II]**; (ii) a customer within the meaning of Directive (EU) 2016/97, 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 (the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[MB Funding Lux S.A

(a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with registered office at 6, Rue Eugène Ruppert, L-2453 Luxembourg and duly registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B209165.)

Legal Entity Identifier (LEI): 635400R5IHFIXBKVMS16]

[Mediobanca International (Luxembourg) S.A.

(a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, with registered office at 4, Boulevard Joseph II, L-1840 Luxembourg and duly registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B112885.)

Legal Entity Identifier (LEI): 549300DV870NBWY5W279]

**[Title of relevant Series of Notes]
issued pursuant to the EUR 5,000,000,000 Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Offering Circular dated 4 December 2020. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date or if the Notes were issued prior to the most recent Offering Circular and this Pricing Supplement is being completed for listing purposes.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*]. This Pricing Supplement [which is completed for listing purposes only] contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 4 December 2020, save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*].]

[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 Pricing Supplement.][If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: [MB Funding Lux S.A.][Mediobanca International (Luxembourg) S.A.] (the **Issuer**)
 - (ii) Guarantor: Mediobanca-Banca di Credito Finanziario S.p.A
 2. (i) Series Number: []
 - (ii) Tranche Number: []
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: []
 4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []
 5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
 6. (i) Specified Denominations: []
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000.]”)*
- (ii) Calculation Amount: [] (*If only one Specified Denomination, insert the Specified Denomination.*)
- (If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
 - (ii) Interest Commencement Date (if different from the Issue Date): [*specify date/Not Applicable*]

8. Maturity Date: [Fixed rate — *specify date*/Floating rate — Interest Payment Date falling on or nearest to [*specify date*³]]
9. Put/Call Options: [None/Investor Put/Issuer Call (further particulars specified below)]
10. (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
11. Listing and Trading: [Luxembourg Stock Exchange's Euro MTF Market *specify other/None*
(*The Offering Circular has not been approved as a Prospectus for the purposes of the Prospectus Regulation and, accordingly, an admission to trading may not be applied for on any market in the EEA designated as a regulated market for the purposes of that Directive*)
12. Method of Distribution: [Syndicated/Non-syndicated]
13. Taxation: Gross-up [will/will not] apply with respect to any Note, Receipt or Coupon pursuant to Condition 6 (*Taxation*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Foreign Exchange Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
15. Change of Interest Basis: [*Specify details of any provision for changing the Interest Basis of the Notes into another Interest Basis*]
16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
(*If payable other than annually, consider amending Condition 3*)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date/*specify other*]
(*N.B. This will need to be amended in the case of long or short coupons*)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []

- (v) Day Count Fraction: [30/360 or Actual/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)⁴ or *specify other*]
- (vi) Determination Date(s): [[] in each year/Not Applicable]
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
 (N.B.: *This will need to be amended in the case of regular interest payment dates which are not of equal duration*)
 (N.B. *Only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*give details*]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (iii) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (iv) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fall back provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of the Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)
- (v) ISDA Determination:
- Floating Rate Option: []
-

- Designated Maturity: []
- Reset Date: []
- (vi) Margin(s): [+/-] [] per cent. per annum
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360/360/360/Bond Basis
30E/360/Eurobond Basis
Other
(See Condition 3 for alternatives)
- (x) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5(g)(iii) and 5(l) apply/specify other]

(Consider applicable Day Count Fraction if not U.S. dollar denominated)
19. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of exchange/method of calculating rate of exchange: [give details]
- (ii) Provisions for determining coupon where calculation by reference to rate of exchange is impossible or impracticable: [give details/See Annex/Not Applicable]
- (iii) Person at whose option Specified Currency(ies) is/are payable: []
- (iv) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [give details/See Annex/Not Applicable]

20. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: []
 - (ii) Index [Administrator]: [give name and details]
 - (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [give details/See Annex/Not Applicable]
 - (iv) Specified Period(s)/Specified Interest Payment Dates: []
 - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
 - (vi) Minimum Rate of Interest: [[] per cent. per annum/Not Applicable]
 - (vii) Maximum Rate of Interest: [[] per cent. per annum/Not Applicable]
 - (viii) Day Count Fraction: []
 - (ix) Other terms relating to the method of calculating rates or amounts the value of which is based upon the level of the Index: [give details/See Annex/Not Applicable]
 - (x) [Other information relating to the Index, including frequency and method of calculation, and Index adjustment procedures: [give details/See Annex]]⁵
21. **Foreign Exchange Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Formula/method for calculating the interest due: [Specify formula or method]
 - (ii) Provision for determining coupon where calculation by reference to (i) above is impossible or impracticable: [give details/See Annex/Not Applicable]
 - (iii) Specified Period(s)/Specified Interest Payment Dates: []
 - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

⁵ Delete if the administrator of the Index is included in the public register maintained by ESMA under Article 36 of Regulation (EU) 2016/1011.

- (v) Interest Rate Determination Date: []
- (vi) Minimum Rate of Interest: [] per cent. per annum/Not Applicable]
- (vii) Maximum Rate of Interest: [] per cent. per annum/Not Applicable]
- (viii) Day Count Fraction: []
- (ix) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [*give details/See Annex/Not Applicable*]

22. **Equity Linked Interest Note Provisions** [Not Applicable/See Annex]

23. **Other Notes – Interest Provisions** [Not Applicable/See Annex]

PROVISIONS RELATING TO THE METHOD OF DETERMINING FOREIGN EXCHANGE

24. **Foreign Exchange Linked Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Spot Exchange Rate: [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate/*specify other*]
- (ii) Basis of determining foreign exchange rate: [FX Page [] /Fallback FX Page []/*specify other*]
- (iii) FX Rate Determination Time: []
- (iv) FX Rate Determination Date: [Interest Rate Determination Date/Redemption Amount Determination Date/*(specify other)*]
- (v) Currency Pair: First Currency/Second Currency
- (vi) First Currency: []
- (vii) Second Currency: []
- (viii) Specified Unit: [USD1.00/JPY1.00/EUR1.00/AUD1.00/GBP1.00/*(specify other)*]

PROVISIONS RELATING TO REDEMPTION

25. **Redemption for Tax Reasons** [Applicable/Not Applicable]

26. **Issuer Call** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []

- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the relevant 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 relevant Issuer and the Agent.)
27. **Investor Put** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the relevant 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 relevant Issuer and the Agent.)
- (iv) Additional conditions/circumstances []
28. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Foreign Exchange Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[Exchangeable]
[specify other]
29. Change of Redemption/Payment Basis: [specify details of any provision for changing the Redemption/Payment Basis of the Notes into another Redemption/Payment basis]
30. Final Redemption Amount: [[] per Calculation Amount/Par/See below in paragraph []/See Annex]
31. **Final Redemption Amount of each Dual Currency Redemption Note** [Applicable/Not Applicable]
(if not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of exchange/method of calculating rate of exchange: [give details]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to rate of exchange is impossible or []

impracticable:

- (iii) Person at whose option Specified Currency(ies) is/are payable: []
- (iv) Minimum Final Redemption Amount: []
- (v) Maximum Final Redemption Amount: []
- (vi) Other terms relating to the method of calculating the Final Redemption Amount the value of which is based upon a foreign exchange rate: []

32. **Final Redemption Amount of each Index Linked Redemption Note** [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/Formula: [give or annex details]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to Index and/ or Formula is impossible or impracticable: []
- (iii) Minimum Final Redemption Amount: []
- (iv) Maximum Final Redemption Amount: []
- (v) Other terms relating to the method of calculating the Final Redemption Amount the value of which is based upon the level of the Index: []

33. **Final Redemption Amount of each Foreign Exchange Linked Redemption Note** [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Formula/method for calculating the Final Redemption Amount due: [Specify formula or method]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to (i) above is impossible or impracticable: []
- (iii) Redemption Amount Determination Date: []
- (iv) Minimum Final Redemption Amount: []
- (v) Maximum Final Redemption Amount: []

- (vi) Other terms relating to the method of calculating the Final Redemption Amount the value which is based upon a foreign exchange rate: []
34. **Equity Linked Redemption Note** [Not Applicable/See Annex]
35. **Credit Linked Note** [Not Applicable/See Annex]
36. **Redemption upon a Regulatory Event** [Applicable/Not Applicable]
37. Other terms or special conditions relating to Redemption:
38. Early Redemption Amount payable on redemption for taxation reasons, upon a regulatory event or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(g)): [[] per Calculation Amount/specify other/See Annex]
39. **Additional Redemption Event** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph. Consider whether to make termination of a Charged Agreements a relevant trigger and if so if Security should become enforceable. Also consider whether each Charged Agreement should terminate in accordance with its terms on an early termination of the Notes)*
- (i) Additional Redemption Date []
- (ii) Additional Redemption Amount []
- (iii) Redemption Option An Additional Redemption Event is at the option of [the Issuer/Noteholders] *(if applicable include requirements and procedures for notices to be given by Noteholder)*
40. **Specific Buy Back Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph.)*
- [The value of the Notes shall reflect and shall be calculated on the basis of the Market Value of the Underlying Transactions.
- The Market Value of the Underlying Transactions affects the repurchase price (Buy Back Price), if any, of the Notes, before their maturity.
- Underlying Transactions: Information on the composition (*unbundling*) of the Interest Basis, in particular the Extra-Yield with respect to the yield of Notes with equal payoff and the composition of the Underlying Transactions, and any relevant changes thereto, shall be published on [www.mediobanca.com/ the website of the Luxembourg Stock Exchange/ other].]

PROVISIONS RELATING TO SECURITY

41. Whether Notes are Secured Notes: The Notes are [Secured/Unsecured] Notes
42. Initial Collateral Assets: [Applicable/Not Applicable] *[If applicable describe this: for example text see below:*
- [In the case where the Initial Collateral Assets are a loan or loans:]*
- [[currency] [amount]] of principal amount of a loan originally made by [●] to [●] as evidenced by [●] dated and [describe transfer instrument to the Issuer]
- [In the case where the Initial Collateral Assets are cash:*
- [[currency] [amount]] deposited with [the Custodian]
- [In the case where the Initial Collateral Assets are debt securities:*
- [[●] issued by [●] [and guaranteed by [●]]
- [ISIN and Common Code: [●]]
- [In the case where the Initial Collateral Assets are equity securities:*
- [[●] [type of shares] issued by [●]]
- [ISIN: [●]]
- [In the case where the Initial Collateral Assets are shares, units or interests in a UCITS Fund:*
- [[●] [type of fund shares] issued by [●]]
- [ISIN: [●]]
43. Eligible Collateral: [Applicable/ Not Applicable] *[If applicable set out details out of criteria]*
44. Charged Agreement/Collateral Arrangements: [Applicable/Not Applicable]
- [(NB – for Secured Notes, one **but not both** of this paragraph (Charged Agreement/Collateral Arrangements) and the following paragraph (Collateral Arrangements Only) should be specified as applicable]
- (i) Counterparty: [Mediobanca - Banca di Credito Finanziario SpA][Mediobanca International (Luxembourg) S.A.]
[Not Applicable]
- (ii) Charged Agreement(s): [Transfer Agreement [and][Credit Support Document]
[Not Applicable]
- (iii) Additional Charged Agreement [Applicable/Not Applicable][If Applicable, describe this]

(iv) Transfer Agreement:

[Applicable/Not Applicable] *[If Applicable, describe this, in particular the basis on which further Collateral Assets may be provided, if not adjusted in "Credit Support Document" below. For example text see below:*

(a) [The agreement entered into between the Issuer and the Counterparty evidenced by [an ISDA 2002 Master Agreement and schedule thereto entered into by the Issuer and the Counterparty] [a repurchase agreement] [a sale and purchase agreement] dated on or about the Issue Date of the first Tranche, [as supplemented by the Credit Support Document specified below] [and together with the confirmation entered into by the Issuer and the Counterparty in respect of the Notes], the purpose of which is to allow the Issuer to perform its scheduled obligations under the terms of the Notes and collateralise the Counterparty's obligations under the agreement (the Transfer Agreement). Accordingly, the Transfer Agreement provides that:

(A) initially, the Issuer shall pay to the Counterparty the proceeds of issue of the Notes;

(B) over the term of the Notes and at scheduled settlement thereof (and in certain circumstances on the early redemption of the Notes) the Counterparty shall pay to the Issuer payments which correspond to those which the Issuer is scheduled to make to Noteholders under the Conditions; and

(C) as collateral for the Counterparty's obligations under the Transfer Agreement over the term of the Notes the Counterparty shall deliver the Initial Collateral Assets and from time to time additional Collateral Assets to the Issuer and, as applicable, the Issuer shall re-deliver Collateral Assets to the Counterparty, in each case (a) on the basis of the [insert valuation period and timing of valuation] fair market valuation of the existing Collateral Assets and the Notes and (b) as soon as practicable following such valuation.]

(b) Transfer Agreement Termination Date:
[●].]/

(a) [The agreement entered into between the Issuer and the Counterparty evidenced by [an ISDA 2002 Master Agreement (Multicurrency – Cross Border) and schedule thereto entered into by the Issuer and the Counterparty] [a repurchase agreement] [a sale and purchase agreement] dated on or about the Issue Date of the first Tranche[together with the confirmation entered into by the Issuer and the Counterparty in respect

of the Notes], the purpose of which is to allow the Issuer to perform its scheduled obligations under the terms of the Notes (the **Transfer Agreement**). Accordingly, the Transfer Agreement provides that:

- (A) initially, the Issuer shall pay to the Counterparty the proceeds of issue of the Notes; and
- (B) over the term of the Notes and at scheduled settlement thereof (and in certain circumstances on the early redemption of the Notes) the Counterparty shall make payments to the Issuer equal to the payments and/or deliveries which the Issuer is scheduled to make to Noteholders under the Conditions.

(b) Transfer Agreement Termination Date: [●].]⁶

(v) Credit Support Document: *[If Applicable describe this, including the basis on which further Collateral Assets may be provided. For example text, see below:*

[The ISDA 1995 Credit Support Annex (English law) between the Issuer and the Counterparty (the **Credit Support Document**) dated the Issue Date in respect of the first Tranche which provides that over the term of the Notes the Counterparty will transfer to the Issuer by way of Credit Support the Initial Collateral Assets and from time to time additional Collateral Assets subject to an obligation of the Issuer to return such assets from time to time (in whole or in part, as applicable), in each case (a) on the basis of the [insert valuation period and timing of valuation] fair market valuation of the existing Collateral Assets and the Notes and (b) as soon as practicable following such valuation.]]

- (vi) (a) Counterparty's rights to assign and/or to delegate its rights and obligations under the Transfer Agreement: [Applicable/Not Applicable]
- (b) Security Ranking Basis: [Counterparty Priority Basis]/[Noteholder Priority Basis]/[Pari Passu Basis]/[Other]
- (c) Value Basis/Nominal Basis (specify for purposes of Condition 20 (Further Issues)): [Not Applicable][[Value/Nominal] Basis applies [and, where Value Basis applies, the Coverage Percentage is []%]
- (d) Value: [Specify determination method, including any relevant valuation haircuts, or state "Condition 24 applies"]

45. Collateral Arrangements Only: [Applicable/Not Applicable]

(i) Adjustment of Collateral Assets: [Applicable/Not Applicable]

⁶ Delete as applicable.

- | | | | |
|-------|-----|--|---|
| (ii) | (a) | Value Basis/Nominal Basis: | [Not Applicable][Value/Nominal] Basis applies [and, where Value Basis applies, the Coverage Percentage is []%] |
| | (b) | Value: | [Specify determination method, including any relevant valuation haircuts, or state “Condition 24 applies”] |
| (iii) | (a) | Issuer Collateral Assets Optional Top Up Right: | [Applicable/Not Applicable] |
| | (b) | Issuer Collateral Assets Excess Removal Right: | [Applicable/Not Applicable] |
| | (c) | Issuer Collateral Assets Maintenance Obligation: | [Applicable/Not Applicable] |
| | (d) | Issuer Collateral Assets Substitution Right (with coverage test): | [Applicable/Not Applicable] |
| | (e) | Issuer Collateral Assets Substitution Right (without coverage test): | [Applicable/Not Applicable] |
46. Custodian: [BNP Paribas Securities Services, Luxembourg branch][Not Applicable]/[Other][Insert details]
47. Account Bank: [BNP Paribas Securities Services, Luxembourg branch][Not Applicable]/[Other][Insert details]
48. Additional Charging Document: [Applicable]/[Not Applicable].
- [If applicable, describe Additional Charging Document, including any Luxembourg pledge]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

49. **Form of Notes:**

- | | | |
|-----|-------|--|
| (i) | Form: | [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes upon an Exchange Event] |
| | | [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date on giving not less than [] days’ notice] |
| | | [Permanent Global Note exchangeable for definitive Notes upon an Exchange Event] |
| | | [Permanent Global Note not exchangeable for definitive Notes] |
- (The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” Furthermore such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be*

represented on issue by a Temporary Global Note exchangeable for definitive Notes)

- (ii) New Global Note: [Yes/No]
50. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates)
51. Additional Business Centre(s): [None/Specify]
52. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
53. Details relating to Partly Paid Notes, including amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
54. Details relating to Instalment Notes: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Instalment Amount(s): []
- (ii) Instalment Date(s): []
55. Redenomination applicable: Redenomination [not] applicable
(if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
56. Additional Event of Default [Not Applicable/give details]
57. Other terms or special conditions: [Not Applicable/give details]
58. Exchangeable Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Form of asset transfer notice: [Not Applicable/See Annex]
- (ii) Adjustment provisions: [Not Applicable/See Annex]

DISTRIBUTION

59. (i) If syndicated, names of Managers: [Not Applicable/give names]
(ii) Stabilising Manager(s) (if any): [Not Applicable/give name(s)]
60. If non-syndicated, name of relevant Dealer: []
61. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/Not Applicable]

62. Additional U.S. Federal Income Tax Considerations: [The Notes are [not] Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the Notes will be available from [give name(s) and address(es) of relevant Issuer contact].] [As at the date of this Pricing Supplement, the Issuer has not determined whether the Notes are Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Securities for these purposes. This is indicative information only subject to change and if the Issuer’s final determination is different then it will give notice of such determination. [Please contact [give name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the Notes.]]⁷ (*The Notes will not be Specified Securities if they (i) are issued prior to January 1, 2023 and are not “delta-one” for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to January 1, 2023 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after January 1, 2023, further analysis would be required.*)]
63. Additional selling restrictions: [Not Applicable/give details of any additional selling restrictions]

OPERATIONAL INFORMATION

64. ISIN: [Specify/Not Applicable]
65. Common Code: [Specify/Not Applicable]
66. CUSIP: [Specify/Not Applicable]
67. CINS: [Specify/Not Applicable]
68. CFI: [[See/[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
69. FISN: [[See/[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]

⁷ This formulation to be used if the Issuer has not made a determination regarding whether the Securities are Specified Securities as of the date of the Final Terms.

70. Notes to be cleared through a clearing system: [Yes/No]
 If yes, any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)] [N.B. If the Notes are designated as NGNs, the Notes must be cleared through Euroclear and Clearstream, Luxembourg]
71. Delivery: Delivery [against/free of] payment
72. Agent: [] /other – give name]
73. Additional Paying Agent(s) (if any): []
74. Settlement Agent: [[] /Not Applicable]
75. Calculation Agent: [[] /other – give name/Not Applicable]
76. 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 this Pricing Supplement, 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.]

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the EUR 5,000,000,000 Secured and Unsecured Note Programme of MB Funding Lux S.A. and Mediobanca International (Luxembourg) S.A.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Title:

Duly authorised

ANNEX

[EQUITY LINKED [INTEREST] [AND] [REDEMPTION] NOTE PROVISIONS:

Share Issuer:	[●]
Share:	[name and short description of type of Share, including place of listing, if any] issued by the Share Issuer (ISIN: [●]).
Performance of the Share:	[give details of where information on the performance of the Share and its volatility can be obtained]
[...]	[...]

(repeat for all the Shares if the Equity Linked Interest and/or Redemption Notes are linked to a basket of Shares)

(give details of the method of calculating interest and redemption amounts under the Equity Linked Interest and/or Redemption Notes)

[CREDIT LINKED NOTE PROVISIONS:

Reference Entity:	[●]
[...]	[...]

[EXCHANGEABLE NOTE PROVISIONS:

(include form of asset transfer notice)

(give details of adjustment provisions and of the shares to be delivered, including the information in relation to the share and share issuer set out under Equity Linked Note Provisions)

[DESCRIPTION OF [THE INITIAL COLLATERAL ASSETS / THE ELIGIBLE COLLATERAL ASSETS DELIVERABLE UNDER THE CREDIT SUPPORT DOCUMENT] *(complete as applicable)*

The [initial Collateral Assets / Eligible Collateral] *(complete as applicable)* in respect of the Notes will comprise one or more of the following assets [in each case briefly describe]:

Loans

Loan(s) to one or more borrowers.

Cash

Cash in a stipulated currency and amount.

Debt securities

Debt securities listed on a regulated market.

Equity securities

Equity securities listed on a regulated market.

Shares, units or interests in a UCITS Fund

Shares, units or interests in a UCITS Fund.]

REGISTERED HEAD OFFICES OF THE ISSUERS

MB Funding Lux S.A
6, Rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

Mediobanca International (Luxembourg) S.A.
4, Boulevard Joseph II
L - 1840 Luxembourg
Grand Duchy of Luxembourg

REGISTERED HEAD OFFICE OF THE GUARANTOR

Mediobanca – Banca Di Credito Finanziario S.p.A.
Piazzetta E Cuccia, 1
20121 Milan
Italy

DEALERS

Mediobanca – Banca Di Credito Finanziario S.p.A.
Piazzetta E Cuccia, 1
20121 Milan
Italy

Mediobanca International (Luxembourg) S.A
4, Boulevard Joseph II
L - 1840 Luxembourg
Grand Duchy of Luxembourg

**AGENT, CUSTODIAN, ACCOUNT BANK AND
SETTLEMENT AGENT**

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

SECURITY TRUSTEE

BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London
NW1 6AA

LEGAL ADVISERS

To the Dealers as to English law
Allen & Overy LLP
One Bishops Square
London E1 6AD

To the Dealers as to Luxembourg law
Allen & Overy, SCS
(inscrite au barreau de Luxembourg)
5, avenue J.-F. Kennedy,
1855 Luxembourg
Grand Duchy of Luxembourg