



ICCREA Banca S.p.A.

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

€3,000,000,000

Euro Medium Term Note Programme

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg to approve this document as a base prospectus under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements Directive 2003/71/EC, and amendments thereto (including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**") in Luxembourg. Application has been made by ICCREA Banca S.p.A. (the "**Issuer**") for notes ("**Notes**") issued under the €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, "**MiFID II**"). The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

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

Amounts payable under the Notes may be calculated by reference to EURIBOR, or to LIBOR, in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("**EMMI**"), and LIBOR is provided and administered by ICE Benchmark Administration Limited ("**ICE**"). At the date of this Base Prospectus, ICE is authorised as a benchmark administrator, and included on, whereas EMMI is not included on, the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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

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

herein). The CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Law.

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

Arranger

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

Dealers

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

The date of this Base Prospectus is 11 April 2019

IMPORTANT NOTICES

This document constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

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

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

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

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer or any of its subsidiaries since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "**Subscription and Sale**".

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

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

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), 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 Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET - The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of that Tranche, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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

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

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

In this Base Prospectus, unless otherwise specified or where the context requires otherwise: references to a "**Member State**" are references to a Member State of the European Economic Area (the "**EEA**"); references to a "**Condition**" are to the correspondingly numbered provision set forth in "**Terms and Conditions of the Notes**"; references to "**€**", "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended; references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to the lawful currency for the time being of the United States; references to "**£**" and "**Sterling**" are to the lawful currency for the time being of the United Kingdom; and references to "**billions**" are to thousands of millions.

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

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

MARKET INFORMATION AND STATISTICS

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

FORWARD LOOKING STATEMENTS

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

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

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes" and "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.

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

General

An actual or perceived deterioration in the financial condition of the Issuer or its results of operations could have a negative impact on the ability of the Issuer to comply with its obligations under the Notes, and consequently could have an adverse effect which may harm the price or value of an investment in the Notes.

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

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

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

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

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

The Issuer is subject to capital adequacy guidelines adopted by the Bank of Italy for a bank or a bank holding company, which provide for a minimum ratio of total capital to risk adjusted assets both on a consolidated basis and on a non-consolidated basis expressed as a percentage.

At least half of the total capital must be maintained in the form of Tier I capital. The Issuer's failure to maintain its ratios may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Notes.

Market risk

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

Global market conditions

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets, and continue to affect the functioning of financial markets and to impact the global economy.

Several governments, international and supranational organisations and monetary authorities have recently put in place a number of actions to increase liquidity in financial markets, in order to boost global GDP growth and mitigate the possibility of default by certain European countries on their sovereign debt obligations. It remains difficult to predict the effect of these measures on the economy and on the financial system. As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements of the Issuer may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

Risks arising from the sovereign debt crisis

The Issuer is affected by disruptions and volatility in the global financial markets including, in recent years, the sovereign debt crisis in the Eurozone. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Euro-zone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

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

Default risk

Deterioration in the financial condition of the Issuer may have a material adverse effect on the Issuer resulting in the non-performance, in whole or in part, of the Issuer's obligations under the Notes.

The current crisis in the international finance markets and its unforeseeable global effects may have a material adverse effect on the Issuer resulting in the non-performance, in whole or in part, of the Issuer's obligations under the Notes.

Historical Information and availability of Financial Information

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

In particular, investors should be aware that the financial information incorporated by reference herein and set out in the section headed "*Description of the Issuer*" does not reflect the composition of the Group as at the date of this Base Prospectus which has recently changed under a corporate reorganisation, as described in more detail in the section "*Description of the Issuer – Recent Events*".

In addition, in the section headed "*Description of the Issuer – Balance Sheet and Income Statement*", there is certain aggregated financial information as at and for the period ended 31 December 2017 which constitutes the sum of relevant data extracted from the audited consolidated financial statements of the Issuer (comprising the Iccrea banking group as it was at such date) together with the same data extracted in relation to the BCCs as at the same date, but without intercompany eliminations. The financial information used to compile such tables was audited by different accounting firms and the tables themselves have not been audited.

Investors should therefore be aware that, since the current Group has only recently been created, with the exception of the aggregated financial information referred to above, which was prepared as a simulated exercise, there is no audited consolidated financial information available with respect to the Group as it is composed on the date of this Base Prospectus. The aggregated financial information is not in any way intended to be a forecast of the Issuer's future results or an indication of the results of the Group as if it had existed on 1 January 2017 and therefore should not be construed in such sense. For further information see "*Presentation of Financial Information*".

In addition, investors should not place undue reliance on the aforesaid aggregated financial information including in making an investment decision.

Changes in regulatory framework

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank (the "**ECB**") and the European System of Central Banks. Starting from 3 November 2014, the Issuer is also subject to the supervision of the ECB which, pursuant to rules establishing a single supervisory mechanism (the "**Single Supervisory Mechanism**" or "**SSM**"), has the duty to, among other things, guarantee the uniform application of the rules of the Euro currency area.

The banking laws to which the Issuer is subject govern the activities in which banks and banking foundations (*fondazioni bancarie*) may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response

to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements, as described below.

The supervisory authorities mentioned above govern various aspects of the Issuer, 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, the Issuer 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 Issuer's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Base Prospectus, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision (the "**Basel Committee**" or "**BCBS**") approved, in the fourth quarter of 2010, revised global regulatory standards (the "**Basel III**") on bank capital adequacy and liquidity, 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. Basel III adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019. Minimum common equity tier 1 (the "**CET1**") will be increased from broadly 2% of risk-weighted assets to 7.0%. The 7.0% includes a "capital conservation buffer" of 2.5% to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. An additional "countercyclical buffer requirement" of 0-2.5% will be implemented according to national circumstances. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction.

Basel III and CRD IV package

The Basel III agreements provide for the introduction of a Liquidity Coverage Ratio ("**LCR**"), in order to establish and maintain a liquidity buffer which will permit the bank to survive for 30 days in the event of serious stress, and a Net Stable Funding Ratio ("**NSFR**"), with a time period of more than one year, introduced to ensure that the assets and liabilities have a sustainable expiry structure. In the case of LCR, within the CRR framework, the LCR Delegated Act (Commission Delegated Regulation (EU) 2015/61 technically specifies the calculation rules of the LCR and provides that it is to be phased in gradually, from 60% commencing on 1 October 2015 to 100% from 1 January 2018). In the case of NSFR, although the proposal of the Basel Committee foresaw that the 100% level is to be met as of 1 January 2018 without any phase in, the CRR does not provide for the regulatory limit on structural liquidity. On 17 December 2015, the European Banking Authority published its report recommending the introduction of the NSFR in the EU in order to ensure stable funding structures and outlining its impact assessment and proposed calibration.

The Basel III framework has been implemented in the EU through new banking regulations adopted on 26 June 2013: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV Directive**") and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential

requirements for credit institutions and investment firms (the "**CRR**" and together with CRD IV Directive, the "**CRD IV Package**"). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will largely be fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws may be delayed until after such date.

National options and discretions under the CRD IV Package that were so far exercised by national competent authorities will be exercised by the SSM in a largely harmonised manner throughout the European Banking Union. In this respect, on 14 March 2016, the ECB adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options/discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result.

In Italy, the Government approved a Legislative Decree No. 72 on 12 May 2015 ("**Decree 72/2015**") implementing the CRD IV. Decree 72/2015 entered into force on 27 June 2015. The new regulation impacts, inter alia, on:

- proposed acquirers of holdings in credit institutions, requirements for shareholders and members of the management body (articles 23 and 91 of the CRD IV);
- competent authorities' powers to intervene in cases of crisis management (articles 64, 65, 102 and 104 of the CRD IV);
- reporting of potential or actual breaches of national provisions (so called whistleblowing, article 71 of the CRD IV); and
- administrative penalties and measures (article 65 of the CRD IV).

The Bank of Italy published new supervisory regulations on banks in December 2013 (**Circular No. 285** or the **Prudential Regulations for Banks**) which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. According to article 92 of the CRR, institutions shall at all times satisfy the following own funds requirements: (i) a CET1 Capital ratio of 4.5 %.; (ii) a Tier 1 Capital ratio of 6 %.; and (iii) a Total Capital ratio of 8 %. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital:

- Capital conservation buffer: has applied to the Issuer since 1 January 2014 pursuant to Part I, Title II, Chapter I, Section II of Circular No. 285. According to the 26th update to Circular No. 285 published on 5 March 2019, transitional rules provide for a capital conservation buffer set for 2.5 per cent. from 1 January 2019; and
- Counter-cyclical capital buffer ("**CCyB**"): is set by the relevant competent authority between 0% - 2.5% (but may be set higher than 2.5 per cent. where the competent authority considers that the conditions in the Member State justify this), with gradual introduction from 1 January 2016, and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of the CRD IV and Part I, Title II, Chapter I, Section III of Circular No. 285). By a press release announced dated 22 March 2019, the Bank of Italy has set the CCyB (relating to exposures towards Italian counterparties) at 0% for the second quarter of 2019).

In addition to the above listed capital buffers, under article 133 of the CRD IV each Member State may introduce a systemic risk buffer of Common Equity Tier 1 capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long term noncyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. Currently, no provision is included on the systemic risk buffer under article 133 of the CRD IV as the Italian level-1 rules for the CRD IV implementation on this point have not yet been enacted.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (articles 140 and 141 of the CRD IV).

Following the results of the Supervisory Review and Evaluation Process ("SREP") performed by the ECB in 2017, for the year 2018 and 2019 (and until the 2018 SREP findings are issued) the Issuer is required to meet a minimum Total SREP Capital Requirement ("TSCR") of 9.75% composed of 8% Total Capital Ratio and 1.75% Tier 1 Ratio (for a more detailed review of the 2017 SREP please refer to "*Risk related to the European Central Bank inspections at the Issuer and the outcomes of the Supervisory Review and Evaluation Process (SREP)*" below).

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

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

As set out in the "Opinion of the European Banking Authority on the interaction of Pillar I, Pillar II and combined buffer requirements and restrictions on distributions" published on 16 December 2015, in the EBA's opinion competent authorities should ensure that the Common Equity Tier 1 Capital to be taken into account in determining the Common Equity Tier 1 Capital available to meet the combined buffer requirement is limited to the amount not used to meet the Pillar I and Pillar II own funds requirements of the institution. In effect, this would mean that Pillar II capital requirements would be "stacked" below the capital buffers, and thus a firm's CET1 resources would only be applied to meeting capital buffer requirements after Pillar I and Pillar II capital requirements have been met in full.

However, more recently, the EBA and the ECB appear to have adopted a different approach to Pillar II. In its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA

has recognised a distinction between "Pillar II requirements" (stacked below the capital buffers) and "Pillar II capital guidance" (stacked above the capital buffers). With respect to Pillar II capital guidance, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider setting capital guidance, above the combined buffer requirement. Competent authorities have remedial tools if an institution refuses to follow such guidance. The ECB published a set of "Frequently asked questions on the 2016 EU-wide stress test", confirming this distinction between Pillar II requirements and Pillar II capital guidance and noting that "Under the stacking order, banks facing losses will first fail to fulfil their Pillar II capital guidance. In case of further losses, they would next breach the combined buffers, then Pillar II requirements, and finally Pillar I requirements".

The CRD reform package announced by the European Commission in November 2016 as part of a series of banking reforms (the "**CRD Reform Package**") proposes to legislate this distinction between "Pillar II requirements" and "Pillar II capital guidance". Whereas the former are mandatory requirements imposed by supervisors to address risks not covered or not sufficiently covered by Pillar I and buffer capital requirements, the latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar I and Pillar II) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the CRD Reform Package proposals, (and as described above), only Pillar II requirements, and not Pillar II capital guidance, will be relevant in determining whether an institution is meeting its combined buffer requirement.

Non-compliance with Pillar II capital guidance does not amount to failure to comply with capital requirements, but should be considered as a "pre-alarm warning" to be used in the Issuer's risk management process. If capital levels go below Pillar II capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the Issuer of the reasons of the failure to comply with the Pillar II capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements - including capital strengthening requirements).

The CRD Reform Package which proposed a binding 3% Leverage Ratio and a binding detailed Net Stable Funding Ratio which will require credit institutions and systemic investment firms to finance their long-term activities (assets and off-balance sheet items) with stable sources of funding (liabilities) in order to increase banks' resilience to funding constraints. In particular, under the proposal, the binding 3% Leverage Ratio is added to the own funds requirements in the CRR which institutions must meet in addition to/in parallel with their risk-based requirements, and will apply to all credit institutions and investment firms that fall under the scope of the CRR, subject to selected adjustments. The European Parliament and Council of the EU reached agreement on the main elements of the CRD Reform Package in late 2018, which were endorsed by the Committee of Permanent Representatives ("COREPER") on 30 November 2018 and approved by the Economic and Financial Affairs Council on 4 December 2018. In February 2019, COREPER endorsed the positions agreed with the European

Parliament on all elements of the CRD Reform Package. The agreed text remains subject to formal adoption by the European Parliament and Council of the EU, which is expected to occur during 2019. Until such time as the proposals are formally approved by the European Parliament and Council of the EU, there can be no assurance as to whether, or when, the

proposed amendments will be adopted and whether they will be adopted in the manner as currently proposed and therefore it is uncertain how they will affect the Issuer, the Group or the holders of the Notes.

In addition, it should be noted that, on 13 April 2017, the ECB published a guideline and a recommendation addressed to national competent authorities ("NCAs") concerning the exercise of options and national discretions available in European Union law that affect banks which are directly supervised by NCAs (i.e. less significant institutions). Both documents are intended to further harmonise the way banks are supervised by NCAs in the 19 countries to which the SSM applies. The aim is to ensure a level playing field and the smooth functioning of the euro area banking system as a whole.

As part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as CET1, Additional Tier 1 and Tier II capital instruments under the framework which CRD IV has replaced (CRD III) that no longer meet the minimum criteria under CRD IV will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 80% in 2014, with this cap decreasing by 10% in each subsequent year.

The CRD IV Package introduces a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. The Leverage Ratio Delegated Regulation (EU) No. 2015/62, adopted on 10 October 2014, and published in the Official Journal of the European Union in January 2015, amends the calculation of the leverage ratio compared to the current text of the CRR. Institutions have been required to disclose their leverage ratio from 1 January 2015. Full implementation of the leverage ratio as a Pillar I measure is currently under consultation as part of the CRD Reform Package.

The CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to liquidity coverage ratio and leverage ratio in order to enhance regulatory harmonisation in Europe through the so called "single rule book". Should the Issuer not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and which could limit the Issuer's growth opportunities

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

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

Key international reforms of "benchmarks" include IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the

performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation applies from 1 January 2018, except that the regime for "critical" benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No. 596/2014 (the Market Abuse Regulation) have applied from 3 July 2016. The Benchmarks Regulation applies to the provision of "benchmarks", the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The scope of the Benchmarks Regulation is wide and, in addition to applying to so-called "critical benchmark" indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds.

The Benchmarks Regulation could also have a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

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

Any of the international, national or other reforms or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

For example, the sustainability of the London interbank offered rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such "benchmarks".

On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR "benchmark" after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR "benchmark" or any other "benchmark", or changes in the manner of administration of any "benchmark", could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such "benchmark". Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Notes.

Risks relating to the Bank Recovery and Resolution Directive

The directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force on 2 July 2014. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the BRRD (the "**BRRD Reforms**"). The proposal includes an amendment to Article 108 of the BRRD aimed at further harmonising the creditor hierarchy as regards the priority ranking of holders of bank senior unsecured debt in resolution and insolvency. A new class of so called "senior non-preferred debt" is proposed to be added that would be eligible to meet the TLAC and MREL requirements. This new class of debt will be senior to all subordinated debt, but junior to ordinary unsecured senior claims. The recognition of the new class of so called "senior non-preferred debt" has been implemented in the EU through the Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy.

The BRRD is designed to provide authorities with a credible set of tools to intervene at the earliest possible moment and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority (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) intervention through resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the institution 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 institution 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 impaired or problem 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 including Senior Notes and Subordinated Notes 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 BRRD.

The BRRD requires all EU Member States to create a national, prefunded resolution fund, reaching a level of at least 1 % of covered deposits by 2024. The national resolution fund for Italy was created by the Bank of Italy on 18 November 2015 in accordance with Article 78 of Legislative Decree No. 180/2015 implementing the BRRD (the "**National Resolution Fund**") and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms, including the Issuer. In the Banking Union, the national resolution funds set up under the BRRD were replaced by the Single Resolution Fund ("**SRF**" or the "**Fund**"), set up under the control of the Single Resolution Board ("**SRB**" or the "**Board**"), as of 1 January 2016 and the national resolution funds are being pooled together gradually. The SRF is intended to ensure the availability of funding support while a bank is resolved and will contribute to resolution if, and only after, at least 8 % of the total liabilities (including own funds) of the bank have been subject to bail-in. Therefore, in 2016, the SRB started to calculate, in line with a Council Implementing Act, the annual contributions of all institutions authorised in the Member States participating in the Single Supervisory Mechanism and the Single Resolution Mechanism ("**SRM**"). The SRF is to be built up over eight years, beginning in 2016, to the target level of €55 billion (the basis being 1 % of the covered deposits in the financial institutions of the Banking Union). Once this target level is reached, in principle, the banks will have to contribute only if the resources of the SRF are used up in order to deal with resolutions of other institutions. Under the BRRD, the target level of the national resolution funds is set at national level and calculated on the basis of deposits covered by deposit guarantee schemes. Under the SRM, the target level of the SRF is European and is the sum of the covered deposits of all institutions established in the participating Member States. This results in significant variations in the contributions by the banks under the SRM as compared to the BRRD.

The BRRD also provides for a Member State as a last resort, after having assessed the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirement of the EU state aid framework and the BRRD.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the General Bail-In Tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as Subordinated Notes at the point of non-viability and before any resolution action is taken

("Non-Viability Loss Absorption"). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

For the purposes of the application of any Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down/converted or extraordinary public support is to be provided, and without such support the appropriate authority determines that the institution would no longer be viable and, where the institution forms part of a group, the group as a whole could be subject to write-down.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of certain debt instruments and other eligible liabilities, such as the Senior Notes or the Subordinated Notes, 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.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing "**Italian Banking Act**" (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e., 16 November 2015), save that: (i) the General Bail-In Tool has applied since 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and small and medium-sized companies will apply starting from 1 January 2019.

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool and (ii) the BRRD provides, at Article 44(3), that the resolution authority may partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of Senior Notes and Subordinated Notes of a Series may be subject to write-down/conversion upon an application of the General Bail-In Tool while other Series of Senior Notes or, as appropriate, Subordinated Notes (or, in each case, other *pari passu* ranking liabilities) are partially or fully excluded from such application of the General Bail-In Tool. Further, although the BRRD provides a safeguard in respect of shareholders and creditors upon application of resolution tools, Article 75 of the BRRD sets out that such protection is limited to the incurrence by shareholders or, as appropriate, creditors, of greater losses as a result of the application of the relevant tool than they would have incurred in a winding up under normal insolvency proceedings. It is therefore possible not only that, in circumstances in which Senior Notes or Subordinated Notes have been partially or fully written-down/converted into equity capital instruments on an application of the General Bail-In Tool, the claims of other holders of junior or *pari passu* liabilities may have been excluded from the application of the General Bail-In Tool and therefore the holders of such claims may receive a treatment which is more favourable than that received by holders

of Senior Notes or Subordinated Notes, but also that the safeguard referred to above does not apply to ensure equal (or better) treatment compared to the holders of such fully or partially excluded claims because the safeguard is not intended to address such possible unequal treatment but rather to ensure that shareholders or creditors do not incur greater losses in a bail-in (or other application of a resolution tool) than they would have received in a winding up under normal insolvency proceedings.

Also, in respect of Senior Notes, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors, such as holders of Senior Notes. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant to the safeguard provided for in Article 75 of the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and small and medium sized enterprises will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for deposits of individuals and small and medium sized enterprises exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits which under the national insolvency regime currently in force in Italy rank *pari passu* with Senior Notes, will rank higher than Senior Notes in normal insolvency proceedings and therefore that, on application of the General Bail-In Tool, such creditors will be written-down/converted into equity capital instruments only after Senior Notes. Therefore, the safeguard set out in Article 75 of the BRRD (referred to above) would not provide any protection since, as noted above, Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings. The position concerning the creditor hierarchy has been further modified by the BRRD Reforms which proposed to amend Article 108 of the BRRD to introduce an EU harmonised approach on subordination. This will enable banks to issue debt in a new MREL eligible statutory category of unsecured debt available in all EU Member States which would rank just below the most senior debt and other senior liabilities for the purposes of liquidation, while still being part of the senior unsecured debt category (only as a lower tier of senior debt). On 25 October 2017 the European Parliament, the Council and the EU Commission agreed on elements of the review of the BRRD, and the Permanent Representatives Committee of the Council of Ministers endorsed the agreement; Article 108 of the BRRD has then been amended by Directive (EU) 2017/2399. As a result, Member States are required to adopt and publish relevant laws, regulations and administrative provisions necessary to comply with the amendment to the creditor hierarchy by 29 December 2018. The new creditor hierarchy will apply to new issuances of bank debts. The outstanding debt instrument will be considered as senior non-preferred debt if compliant with the conditions set up by new Article 108 (e.g. grandfathering clause). The recognition of the new class of so called "senior non-preferred debt" has been implemented in the EU through the Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy. In Italy, the Directive has been

implemented with the law No. 205/2017, modifying article 12bis of the Consolidated Banking Act.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of Subordinated Notes and, in circumstances where the waiver is selected (as applicable in the relevant Final Terms), the Senior Notes will have expressly waived any rights of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Senior Notes or Subordinated Notes, it is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply. As the BRRD has only recently been implemented in Italy and other Member States, there is material uncertainty as to the effects of any application of it in practice.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Subordinated Notes, Non-Viability Loss Absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Notes, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The BRRD also requires institutions to maintain at all times a sufficient aggregate amount of own funds and "eligible liabilities", expressed as a percentage of the total liabilities and own funds of the institution (known as the "minimum requirement for own funds and eligible liabilities" or "**MREL**"), with a view to facilitating effective resolution of institutions and minimising to the greatest extent possible the need for interventions by taxpayers. "Eligible liabilities" (or bail-inable liabilities) are those liabilities and other instruments that are not excluded by the BRRD from the scope of the bail-in tool. The resolution authority of an institution, after consultation with the relevant competent authority, will set the MREL for the institution based on the criteria to be identified by the EBA in its regulatory technical standards. In particular, the resolution authority may determine that part of the MREL is to be met through "contractual bail-in instruments". The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not being part of the Banking Union) or to the SRB for banks being part of the Banking Union. In July 2015, the EBA has issued final draft regulatory technical standards which further define the way in which resolution authorities/the SRB shall calculate MREL. On 23 May 2016, the European Commission adopted Commission Delegated Regulation (EU) 2016/1450 supplementing BRRD that specifies the criteria which further define the way in which resolution authorities/the SRB shall calculate MREL, as described in article 45(6) of the BRRD. Article 8 of the aforementioned regulation provides that resolution authorities may determine an appropriate transitional period for the purposes of meeting the full MREL requirement. Under the BRRD Reforms the European Commission proposed that the MREL – which should be expressed as a percentage of the total risk exposure amount and of the leverage ratio exposure measure of the relevant institution – should be determined by the resolution authorities at an amount to allow banks to absorb losses expected in resolution and recapitalise the bank post-resolution. In addition, it is proposed that resolution authorities may require institutions to meet higher levels of MREL in order to cover losses in resolution

that are higher than those expected under a standard resolution scenario and to ensure a sufficient market confidence in the entity post-resolution. The BRRD Reform also introduces an external MREL requirement and an internal MREL requirement to apply to entities belonging to a banking group, in line with the approach underlying the "TLAC" ("total loss-absorbing capacity") standard, as issued by the Financial Stability Board.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Subordinated Notes, Non-Viability Loss Absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

Risks associated with accounting related regulatory developments

IFRS 9 "Financial instruments"

IFRS 9 replaced the International Accounting Standard IAS 39 from 1 January 2018. It did so by:

- (i) amending and complementing the rules on the classification and measurement of financial instruments;
- (ii) introducing a new impairment model based on "expected credit losses" (the previous model was based on provisions for "incurred losses"); and
- (iii) introducing new rules on general hedge accounting (in respect of which the Issuer has opted to continue to apply the previous version of International Accounting Standard IAS 39).

IFRS 15 "Revenue from contracts with customers"

Also applicable from 1 January 2018, IFRS 15 has replaced the standards and interpretations on "revenue recognition" and, specifically, IAS 18. It provides for:

- (i) two approaches for revenues recognition ("at point in time" or "over time");
- (ii) a new transaction analysis model (a "five steps model") focused on the transfer of control; and
- (iii) a greater disclosure required to be included in the notes to the financial statement.

The quantitative impact following the first application of IFRS 9 and IFRS 15 on the Issuer are described in the Issuer's financial statements.

In particular, the application of IFRS 9 and the new approach based on "expected credit losses" could result in substantial additional impairment charges for the Issuer and add volatility to its regulatory capital ratios, as well as in additional costs to the Issuer relating to the continued application of such rules.

IFRS 16 “Leases”

Applicable from 1 January 2019, IFRS 16 amended the International Accounting Standards and interpretations on leasing in force, and specifically IAS 17.

IFRS 16 introduces a new leasing definition and introduces certain criteria based on the control (right of use) of an asset in order to distinguish leasing agreements from service agreements, such as the identification of the asset, the right to substitute such asset, the right to obtain all the economic benefits deriving from the use of the asset and the right to control the use of the asset.

In relation to the accounting model to be applied by the lessee, the new standard provides that, for all types of leasing, an asset shall be recognised as representing the right of use of the goods the subject matter of the leasing and, at the same time, the debt relating to the fees provided for by the leasing contract.

At the time of the initial recognition, such asset is assessed on the basis of the financial flows associated with the leasing contract, inclusive of, besides the current value of leasing fees, initial direct costs associated with the leasing and the possible costs necessary to restoration of the asset upon expiry of the contract. After the initial recognition, such asset will be assessed based on the provisions governing tangible assets and, accordingly, at cost net of amortisations and possible value reductions at “re-determined value” or at fair value according to the provisions of IAS 16 or IAS 40.

As at the date of this Base Prospectus, the Issuer’s estimates as regards IFRS 16 do not show a significant impact.

Investors should be aware that a first application of IFRS 16 has led to the Issuer having to review the accounting modalities of revenues and costs relating to outstanding transactions, as well as the recognition of new assets and liabilities associated with the signed operation leasing contracts.

On the basis of legislative and/or technological and/or business context evolutions it is also possible that the Issuer may have to further review, in the future, the operating methodologies for the application of International Accounting Standards, with possible negative impact, even significant, on the economic, financial and/or capital position of the Issuer.

Risk connected to the consolidated loss recognised at the end of the 2016 financial year

The Issuer's results as at 31 December 2016, consisting in a loss of Euro 24 million as compared to the profit of Euro 42.4 million in 2015, was due to the occurrence of some extraordinary negative events. These include:

- a contribution to the National Resolution Fund (as required under the BRRD) for a total of Euro 69.4 million. Such contribution included Euro 23 million of ordinary contribution for the year 2016 and Euro 46 million following two additional extraordinary quota calls by the Bank of Italy with a communication dated 29 December 2016;
- a contribution to the solidarity fund for a total of Euro 26 million, in light of 93 employees voluntarily adhering to the solidarity agreement reached within the Issuer's group and which, together with other labour cost cutting measures, are allowing a reduction of the Issuer's operating costs;
- the write-off for Euro 9.7 million of the participation stake in the Atlas Fund (*Fondo Atlante*), following the reduction by approximately 30% of the fair value of the shares

of Banca Popolare di Vicenza S.p.A and Veneto Banca S.p.A.. In this context, the 2017-2019 Strategic Plan approved at the beginning of 2017 placed particular emphasis on a more efficient allocation of the Issuer's capital resources and an improvement of its profitability.

In this respect, the performance of the management in the first half of 2017 confirmed the objectives of such plan and was positive with a consolidated net income of Euro 8.9 million, although such result has been affected by some extraordinary events, including:

- a contribution to the National Resolution Fund for a total of Euro 23.2 million, referring to the quota for the full financial year 2017;
- the write-off for Euro 22.5 million of the participation stake in the Atlas Funds (amounting to a reduction by approximately 80% of the nominal value) following the total write-off of the shares of Banca Popolare di Vicenza S.p.A and Veneto Banca S.p.A..

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

In 2016 and 2017, the ECB, in the context of its ordinary auditing activities and specific analysis of risk management and risk propensity, carried out multiple discussions with the technical and governance structure divisions of the Issuer's group, whose final outcome was expressed through the "Decision on Capital Requirements" at the end of the Supervisory Review and Evaluation Process (SREP).

As part of the decision on capital requirements, the ECB requested:

- (i) the presentation of an operational plan detailing the determinations, strategies and interventions that the Issuer intended to adopt in respect of the management of non-performing loans (NPLs), also setting out the quantitative targets for reduction of NPLs, both gross and net of any provisions, and
- (ii) the provision of quarterly and standardised information on the dynamics and composition of the non-performing loan portfolio and the associated risks.

It should also be noted that in 2017 the ECB carried out inspections at the Issuer concerning, inter alia, the management of credit risk. In particular, the European Supervisory Authority ECB inspection focused on the robustness and quality of the operations, and the operational, methodological and IT systems supporting such operations.

The findings of such audit activity, involving the Group, were formally communicated by the ECB on 22 November 2017. In summary, it emerged that the Group would need to adopt, at consolidated level, a policy regulating the different phases of credit management and a continuous credit risk monitoring system which can detect in advance any changes in such credit risk and allow a timely reclassification of debt exposures in case of deterioration of the related risk profile of the relevant debt exposure.

On 20 November 2018 the ECB communicated to the Issuer that, due to the constitution of the Group incorporating the BCCs, the issue of the ECB's 2018 SREP findings has been postponed to the first quarter of 2019 and until such time it should continue to maintain its capital in line

with the ECB's 2017 SREP findings. As at the date of this Base Prospectus, there is therefore an element of uncertainty regarding the Issuer's obligations in this regard.

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

The Issuer is the group head company (*capogruppo*) pursuant to the applicable legislation of the Iccrea cooperating banking group which, in addition to certain subsidiaries of the Issuer comprises additionally 140 cooperative credit banks (*banche di credito cooperative*) as of the date of this prospectus following the merger of two cooperative credit banks in the month of March 2019.

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

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

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

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

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

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

In the case of the Issuer, as at the date of this Base Prospectus, 95.107% of its shares are held by 140 cooperative credit banks (the "BCCs") together with Cassa Centrale Banca del Nord-Est, Raiffeisen Landesbank Sudtirolo Cassa Centrale dell'Alto Adige and certain other banks. The remaining portion is owned by certain other entities permitted by the BCC Reform Law. For further information, please see "*Description of the Issuer*".

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

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

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

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

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

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

In order to ensure the full achievement of the objectives outlined by the reform of the cooperative credit banks, and also considering the innovation degree and complexity of bringing together the new Iccrea cooperative banking group, the Issuer held meetings with the local federations of the BCCs, as well as defined a schedule of project activities currently underway by means of the establishment of macro work areas which in turn are organized in specific committees, project management teams and relevant working groups in which the BCCs are meaningfully represented, together with professionals representing the federations of the BCCs at both local and national level as well as delegated technical structures.

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

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

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

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

Risks arising out of the guarantee mechanism in the Cohesion Contract

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

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

- the Issuer guarantees to the BCCs that it will support the obligations assumed by them. In turn, each BCC cross-guarantees to the Issuer and to the other BCCs that it will support the obligations of the Issuer and all other BCCs;
- the existence of the Cross Guarantee Scheme means that the liabilities of the Issuer and the individual BCCs are classified as joint and several liabilities of all BCCs and the Issuer;
- in order to implement the liability-sharing mechanism as required by Italian law and the guidelines of the Bank of Italy contained in Circular No. 285, the Issuer and the BCCs have put in place arrangements to ensure the prompt provision of financial means

in terms of capital and liquidity if required. In particular, the Issuer and the BCCs have committed funds readily available to them which may be applied by the Issuer in its discretion and as it determines, in order to meet the obligations of the Issuer and the BCCs, thereby providing inter-group financial support; and

- the individual BCCs and the Issuer participate with the necessary funds, the amount of which, in the case of the BCCs is represented by a pre-established quota agreed with the Issuer plus a quota that can be called by the Issuer on demand if needed.

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

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

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

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

Risks connected with breaches of the Cohesion Contract

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

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

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

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

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

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

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

Pursuant to the terms and conditions of any applicable Floating Rate Notes or any other Notes whose return is determined by reference to any benchmark, as described in Condition 8(j) (*Benchmark replacement*) if the Issuer or Calculation Agent determines at any time that the Relevant Screen Page on which the Reference Rate for such Notes appears has been discontinued or following the adoption of a decision to withdraw the authorisation or registration as set out in Article 35 of the Benchmarks Regulation or any other benchmark administrator previously authorized to publish any Replacement Reference Rate under any applicable laws or regulations, the Issuer will appoint a Reference Rate Determination Agent (which may be (i) a leading bank or a brokerdealer in the principal financial centre of the

Specified Currency (which may include one of the Dealers involved in the issue of such Notes) as appointed by the Issuer, (ii) the Issuer or an affiliate of the Issuer (but in which case any such determination shall be made in consultation with an independent financial advisor), (iii) the Calculation Agent (if agreed in writing by the relevant Calculation Agent with the Issuer) or (iv) any other entity which the Issuer considers has the necessary competences to carry out such role) who will determine a Replacement Reference Rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the Relevant Screen Page on which the Reference Rate appears. Such Replacement Reference Rate and any such other changes will (in the absence of manifest error) be final and binding on the Noteholders, the Issuer, the Calculation Agent and the Issuing and Paying Agent and any other person, and will apply to the relevant Notes without any requirement that the Issuer obtain consent of any Noteholders. These provisions will not apply if this would cause the occurrence of a Regulatory Event.

The Replacement Reference Rate may have no or very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, the replacement rate may perform differently from the discontinued benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on highly rated government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. These and other changes could significantly affect the performance of an alternative rate compared to the historical and expected performance of LIBOR or any other relevant benchmark. There can be no assurance that any adjustment factor applied to any Series of Notes will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the affected Notes. Moreover, any holders of such Notes that enter into hedging instruments based on the Relevant Screen Page on which appears the Reference Rate may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the Replacement Reference Rate.

If the Reference Rate Determination Agent is unable to determine an appropriate Replacement Reference Rate for any discontinued Reference Rate or a decision to withdraw the authorisation or registration as set out in Article 35 of the Benchmarks Regulation or any other benchmark administrator previously authorized to publish any Replacement Reference Rate under any applicable laws or regulations is adopted but for any reason a Replacement Reference Rate is not determined, then the provisions for the determination of the rate of interest on the affected Notes will not be changed. In such cases, the Terms and Conditions of the Notes provide that the relevant Interest Rate on such Notes will be the last Reference Rate available for the immediately preceding Interest Period on the Relevant Screen Page as determined by the Calculation Agent, effectively converting such Notes into fixed rate Notes.

Furthermore, in the event that no Replacement Reference Rate is determined by the Reference Rate Determination Agent and the affected Notes are effectively converted to fixed rate Notes as described above, investors holding such Notes might incur costs from unwinding hedges. Moreover, in a rising interest rate environment, holders of such Notes will not benefit from any increase in rates. The trading value of such Notes could therefore be adversely affected.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

Redemption for tax reasons

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

Redemption for regulatory reasons

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

CMS Linked Interest Notes

The Issuer may issue Notes with interest determined by reference to the CMS Rate (a "**relevant factor**"). Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the relevant factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (iv) if the relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on interest payable is likely to be magnified; and

- (v) the timing of changes in the relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations.

Fixed Rate Notes

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

Floating Rate Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risk relating to Senior Notes

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

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

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

- (i) the original maturity period is at least equal to twelve months;
- (ii) are not derivative securities or linked to derivative securities, nor include any feature of such derivative securities;
- (iii) the minimum denomination is at least equal to Euro 250,000;
- (iv) may be offered only to qualified investors (*investitori qualificati*), as referred to in Article 100, letter a), of the Consolidated Finance Act as implemented by Article 34-ter, first paragraph, letter b) of Regulation No. 11971/1999 and Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018;
- (v) the prospectus and the agreements regulating the issuance of senior non-preferred securities expressly provide that payment of interest and reimbursement of principal due in respect thereof are subject to the provisions set forth in of Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law.

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

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

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

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

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

In order to be eligible to meet the requirements and conditions of Articles 12-*bis* and 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL Requirements (as defined in the Conditions), Senior Non-Preferred Notes will rank junior to Senior Preferred Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Senior Non-Preferred Notes. As a result, the default risk on the Senior Non-Preferred Notes will be higher than the risk associated with preferred senior debt (such as Senior Preferred Notes) and other senior liabilities (such as wholesale deposits).

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

Senior Non-Preferred Notes are new types of instruments

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

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

The intention of the Issuer is for Senior Non-Preferred Notes to qualify on issue as "*strumenti di debito chirografario di secondo livello*" as defined under, and for the purposes of, Articles 12-*bis* and 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL Requirements (as defined in the Conditions). Current regulatory practice by the Bank of Italy (acting as lead regulator) does not require (or customarily provide) a confirmation prior to the issuance of the Senior Non-Preferred Notes that the Senior Non-Preferred Notes will comply with such provisions.

Although it is the Issuer's expectation that the Senior Non-Preferred Notes qualify as "*strumenti di debito chirografario di secondo livello*" as defined under, and for the purposes of, Articles

12-bis and 91, section 1-bis, letter c-bis of the Consolidated Banking Law and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority and also qualify as eligible liabilities available to meet the MREL Requirements (as defined in the Conditions) there can be no representation that this is or will remain the case during the life of the Senior Non-Preferred Notes.

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

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

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

In this respect, if at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Preferred Notes or Senior Non-Preferred Notes (as the case may be), and the applicable Final Terms for the Senior Preferred Notes or Senior Non-Preferred Notes of such Series specify that Issuer Call due to a MREL Disqualification Event is applicable, the Issuer may redeem all, but not part, of the Notes of such Series at the price set out in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the date of redemption. Senior Preferred Notes and Senior Non-Preferred Notes may only be redeemed by the Issuer subject to (to the extent that the Relevant Authority so requires at the time of the proposed redemption) the Issuer having given such notice to the Relevant Authority as the Relevant Authority may then require prior to such redemption and no objection thereto has been raised by the Relevant Authority or (if required) the Relevant Authority has provided its consent thereto and any other requirements of the Relevant Authority applicable (if any) to such redemption at the time have been complied with by the Issuer (including, with reference to Senior Non-Preferred Notes, with respect to Article 12-bis and Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority at the relevant time). A MREL Disqualification Event shall be deemed to have occurred if, by reason of a change in the MREL Requirements as implemented in Italian law and regulations and/or EU regulations, as the case may be, which was not reasonably foreseeable by the Issuer at the Issue Date of Senior Preferred Notes or Senior Non-Preferred Notes, all or part of the aggregate outstanding nominal amount of such Series of Senior Preferred Notes or Senior Non-Preferred Notes are or will be excluded fully or partially from the eligible liabilities available to meet the MREL Requirements. The implementation of the minimum requirements for eligible liabilities under the BRRD is subject to the implementation of the EC Proposals (as defined in the Conditions) in the EU and in Italy.

If the Senior Preferred Notes or Senior Non-Preferred Notes are to be so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Preferred Notes or Senior Non-Preferred Notes. In addition, the occurrence of a MREL Disqualification

Event could result in a decrease in the market price of the Notes. See also "*Notes subject to optional redemption by the Issuer*" above.

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

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

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

- on or before such early redemption or repurchase of the Senior Preferred Notes and Senior Non-Preferred Notes, the Issuer replaces the Senior Preferred Notes and Senior Non-Preferred Notes with own funds instruments or eligible liabilities of an equal or higher quality on terms that are sustainable for the income capacity of the relevant Issuer;
- the Issuer has demonstrated to the satisfaction of the Relevant Authority that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements for own funds and eligible liabilities set out in the CRD IV or the BRRD (or, in either case, any relevant provisions of Italian law implementing the CRD IV or, as appropriate, the BRRD) or the CRR by a margin that the Relevant Authority considers necessary; or
- the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and in the CRD IV for continuing authorisation.

The EC Proposals are in draft form and may be subject to change prior to any implementation.

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

If (i) at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Preferred Notes or Senior Non-Preferred Notes, and the applicable Final Terms for the Senior Preferred Notes or the Senior Non-Preferred Notes of such Series specify that Modification or Substitution of Senior Preferred Notes or Senior Non-Preferred Notes for MREL Disqualification Event is applicable, or (ii) in order to ensure the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority (without any requirement for the consent or approval of the Holders of the Senior Preferred Notes or Senior Non-Preferred Notes of that Series), at any time either substitute all (but not some only) of such Senior Preferred Notes or Senior Non-Preferred Notes, or vary the terms of such Senior Preferred Notes or Senior Non-Preferred

Notes so that they remain or, as appropriate, become, Qualifying Preferred Senior Notes or Qualifying Senior Non-Preferred Notes, as applicable, provided that such variation or substitution does not of itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Senior Preferred Notes and Qualifying Senior Non-Preferred Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to the Noteholders (as certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing) than the terms of the relevant Senior Preferred Notes or Senior Non-Preferred Notes, as applicable. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

Risk relating to Subordinated Notes

The Issuer's obligations under Subordinated Notes are subordinated

If the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes.

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

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

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

Regulatory classification of the Notes

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as "Tier 2 Capital", for so long as this is permitted under the Applicable Banking Regulations. Current regulatory practice by the Bank of Italy does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. There can be no guarantee that any such Subordinated Notes will continue to qualify as "Tier 2 Capital" during the life of the Notes or that the Notes will be grandfathered under the implementation of further EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Tier 2 capital", the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in

accordance with Condition 10(c) (*Redemption for regulatory reasons*), subject to the prior approval of the Relevant Authority. During any period in which there is an actual or perceived increase in the likelihood that the Issuer may exercise such rights to redeem the Notes, the price of the Notes may be adversely impacted and may not rise above the redemption price. There can be no assurance that holders of such Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Subordinated Notes.

Modification or Substitution of Subordinated Notes without Noteholders' consent

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

Qualifying Subordinated Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have terms not less favourable to the Noteholders (as certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing) than the terms of the Subordinated Notes, as applicable. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

Notes have limited Events of Default and remedies

The Events of Default in respect of Notes, being events upon which, in certain circumstances, the holders of the Notes, may declare the Notes to be immediately due and repayable, are limited to circumstances in which the Issuer becomes subject to winding-up or an analogous event as set out in Condition 13 (*Events of Default*). Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Notes, including the payment of any interest, the holders of the Notes will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Risks related to Notes generally

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

Waiver of set-off

As specified in Condition 4 (*Status of the Senior Preferred Notes*) in respect of Senior Preferred Notes, in Condition 5 (*Status of the Senior Non-Preferred Notes*) in respect of Senior Non-Preferred Notes and in Condition 6 (*Status of the Subordinated Notes*) in respect of Subordinated Notes, the holder of a Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Note.

Taxation

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

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, other than subordination and certain other provisions relating to Subordinated Notes, which are based on Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law (or Italian law) or administrative practice after the date of this Base Prospectus.

Decisions at Noteholders' meetings bind all Noteholders

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 17 (*Meetings of Noteholders; Modification, Waiver and Substitution*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modification may have an adverse impact on Noteholders' rights and on the market value of the Notes.

The Conditions also provide that the Notes, the Coupons and the Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, pursuant to Condition 8(j) (*Benchmark replacement*), certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

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

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream Banking SA. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream Banking SA will maintain records of the beneficial interests in the Global Notes. While the

Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream Banking SA. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream Banking SA for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream Banking SA to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream Banking SA to appoint appropriate proxies.

Delisting of the Notes

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

Denominations and restrictions on exchange for Definitive Notes

Notes may in certain circumstances be issued in denominations including (i) a minimum denomination of €100,000 (or its equivalent in another currency) and (ii) an amount which is greater than €100,000 (or its equivalent) but which is an integral multiple of a smaller amount (such as €1,000). Where this occurs, Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a holder who as a result of trading such amounts, holds a principal amount of less than the minimum denomination of €100,000 will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to an integral multiple of €100,000.

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

Other than the €3 billion limit with regard to the Notes issued under the Programme, the Terms and Conditions of the Notes do not contain any restriction on the amount of indebtedness which the Issuer may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with other indebtedness of the Issuer having the same ranking and, accordingly, any increase in the amount of such indebtedness or higher ranking indebtedness of the Issuer in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and do not contain any restriction on the giving of security by the Issuer to secure present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

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

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

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

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

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

and/or may have consequences for certain investors with portfolio mandates to invest in green or social or sustainable assets.

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

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

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

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

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

and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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

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

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws and regulations. In addition, transfers to certain persons in certain other jurisdictions may be limited by law and regulations, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings

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

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

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

registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Legal investment considerations may restrict certain investments

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

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

Prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union and, on 29 March 2017, the UK Government invoked article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the “**Withdrawal Agreement**”). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020.

As at the date of this Prospectus, it is not clear whether the Withdrawal Agreement in the current draft form will be approved, finalised and ratified by the UK and the European Union prior to the deadline for leaving. Such deadline has recently been extended by agreement with the European Union. If the Withdrawal Agreement is not ratified and the deadline is not further extended, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from the agreed deadline date. Whilst continuing to negotiate the Withdrawal Agreement, the UK Government has made preparations for a “no-deal” Brexit to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018.

Due to the ongoing political uncertainty as regards the terms of the UK’s withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK or the remaining 27 member states of the EU, including Italy or on the European Union integration process, the relationship between the United Kingdom and the European Union, and the impact on European and UK economies and businesses (including the parties to the Transaction Documents). Such uncertainty and consequential market disruption may also cause investment decisions to be delayed, reduce job security and damage consumer confidence. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

Conflicts of Interest

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

GENERAL DESCRIPTION OF THE PROGRAMME

This section is a general description of the Programme, as provided under Article 22.5(3) of Regulation (EC) 809/2004. This description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in the Base Prospectus have the same meaning in this description.

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|------------------|---|
| Issuer: | ICCREA Banca S.p.A. |
| Arranger: | Mediobanca - Banca di Credito Finanziario S.p.A. |
| Dealers: | Banca IMI S.p.A., Barclays Bank Ireland PLC, Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, ICCREA Banca S.p.A., Mediobanca - Banca di Credito Finanziario S.p.A., MPS Capital Services S.p.A., Natixis, NatWest Markets N.V., NatWest Markets Plc, Nomura International plc, Raiffeisen Bank International AG, Société Générale, and UniCredit Bank AG and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes. |

The Issuer may from time to time terminate the appointment of any Dealer under the Programme, or appoint additional Dealers either in respect of one or more Tranches or generally in respect of the Programme.

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| Fiscal Agent and Luxembourg Paying Agent: | BNP Paribas Securities Services, Luxembourg Branch |
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|----------------------------------|--|
| Luxembourg Listing Agent: | BNP Paribas Securities Services, Luxembourg Branch |
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| Listing, Approval and Admission to Trading: | Application has been made to the CSSF to approve this document as a base prospectus in compliance with the Prospectus Directive. Application has also been made for Notes issued under the Programme to be listed on the Official List of and admitted to trading on the regulated market of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading (as the case may be) on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each Series as specified in the Final Terms. Notes may |
|--|--|

also be issued which are neither listed nor admitted to trading on any market.

Clearing Systems: Euroclear and/or Clearstream Banking SA and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

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

Issuance in Series: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations.

Final Terms: Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus.

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

Forms of Notes: Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is specified in the relevant Final Terms as a Classic Global Note (each a "**Classic Global Note**" or "**CGN**") will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system and each Global Note which is specified in the relevant Final Terms as a New Global Note (each a "**New Global Note**")

or "NGN") will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream Banking SA. New Global Notes are intended to be held in a manner which would allow Eurosystem eligibility, such eligibility depending upon satisfaction of the Eurosystem eligibility criteria.

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

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

Currencies:

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

Status of the Notes:

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

The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. The payment obligations of the Issuer under the Senior Preferred Notes and the Receipts or Coupons related to them shall at all times rank (save for certain obligations required to be preferred by law, including any obligations permitted by law to rank senior to the Senior Preferred Notes following the Issue Date, if any) equally with all other unsecured and unsubordinated obligations

of the Issuer from time to time outstanding (other than obligations ranking junior to the Senior Preferred Notes from time to time, including any obligations under Senior Non-Preferred Notes and any further obligations permitted by law or by their terms to rank junior to the Senior Preferred Notes following the Issue Date, if any), as described in Condition 4 (*Status of the Senior Preferred Notes*).

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

- (i) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes);
- (ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Senior Non-Preferred Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

in all such cases in accordance with the provisions set forth in Article 91, paragraph 1-*bis*, letter *c-bis*) of the Consolidated Banking Law and any relevant regulation which may be enacted from time to time for the purposes of implementing such provisions and/or any laws, regulations or guidelines implementing the rules set forth in the Bank Creditor Hierarchy Directive, as described in Condition 5 (*Status of the Senior Non-Preferred Notes*).

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

- (i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes;
- (ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Subordinated Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer).

Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event: If Modification or Substitution of Subordinated Notes for Regulatory Event or Tax Event is specified as applicable in the Final Terms, the Issuer may without the consent of the holders of Subordinated Notes substitute new notes for the Subordinated Notes whereby such new notes shall replace the Subordinated Notes, or vary the terms of the Subordinated Notes subject to Condition 17(c) (*Modification or Substitution of Subordinated Notes following a Regulatory Event or a Tax Event*).

Modification or Substitution of Senior Notes and Senior Non-Preferred Notes following a MREL Disqualification Event If Modification or Substitution of Notes for MREL Disqualification Event is specified as applicable in the Final Terms, the Issuer may without the consent of the holders of Senior Notes or Senior Non-Preferred Notes substitute new notes for the Senior Notes or Senior Non-Preferred Notes whereby such new notes shall replace the Senior Notes or Senior Non-Preferred Notes, or vary

the terms of the Senior Notes or Senior Non-Preferred Notes subject to Condition 17(d) (*Modification or Substitution of Senior Notes and Senior Non-Preferred Notes following a MREL Disqualification Event*).

Issue Price:

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

Maturity Period:

Any Maturity Period as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

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

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

Notes having a Maturity Period of less than one year

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

constitute a contravention of section 19 of the FSMA by the Issuer.

Redemption:

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

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

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

The redemption of Senior Notes and Senior Non-Preferred Notes pursuant to Conditions 10(b) (*Redemption for Taxation Reasons*), 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), 10(e) (*Redemption at the Option of the Issuer*) and 10(f) (*Partial redemption*) shall be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements) and (ii) in case of Senior Non-Preferred Notes only, Article 12-*bis* and Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority at the relevant time (as described in Condition 10(n) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*)).

The redemption at maturity of Subordinated Notes pursuant to Condition 10(a) (*Scheduled redemption*) and any early redemption pursuant to Conditions 10(b) (*Redemption for Taxation Reasons*), 10(c) (*Redemption for Regulatory Reasons*), 10(e) (*Redemption at the*

Option of the Issuer) and 10(f) (*Partial redemption*) shall be subject to the prior approval of the Relevant Authority to the extent required by and in accordance with the Applicable Banking Regulations. If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Relevant Authority for its consent to such redemption as soon as the conditions permit. The Issuer will use its best endeavours to maintain the required regulatory capital and to obtain such approval.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in case of Senior Preferred Notes and Senior Non-Preferred Notes) at the option of the Issuer due to a MREL Disqualification Event and/or (where the Notes are Senior Notes) at the option of the Noteholders to the extent (if at all) specified in the applicable Final Terms and subject to all relevant legal and regulatory requirements. In the case of Subordinated Notes, early redemption may occur only with the prior approval of the Relevant Authority. In the case of Senior Notes and Senior Non-Preferred Notes, early redemption shall be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by applicable laws and regulations.

Tax or Regulatory Redemption:

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

Interest:

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

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

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

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement

- incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, EURIBOR or ECB Interest Rate as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

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

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

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

Denominations:

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

Senior Non-Preferred Notes will have a denomination of at least €250,000 (or, where the Senior Non-Preferred Notes are denominated in a Specified Currency other

than Euro, the equivalent amount in such other Specified Currency).

Negative Pledge:

None.

Cross Default

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

Taxation:

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will (subject to certain exceptions as provided in Condition 12 (*Taxation*)) pay such additional amounts in respect of principal and interest for the Senior Notes (if permitted by the MREL Requirements) and in respect of interest only for the Subordinated Notes, as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

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

Governing Law:

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

Enforcement of Notes in Global Form:

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 11 April 2019 a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Ratings:

Notes issued pursuant to the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Programme. Details of the rating, if any, attributable to a Tranche of Notes will be specified in the relevant Final Terms. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

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

Selling Restrictions:

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

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include risks relating to competition and other operating and general banking risks, such as credit risk and interest rate risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and include risks related to the structure of a particular issue of Notes and risks common to the Notes generally.

PRESENTATION OF FINANCIAL INFORMATION

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

- the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2017, audited by Ernst & Young S.p.A., which issued its report on 24 April 2018;
- the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016 audited by Ernst & Young S.p.A., which issued its report on 5 June 2017; and
- the unaudited consolidated interim financial statements in respect of the Issuer as at and for the six months ended 30 June 2018 subject to limited review by Ernst & Young S.p.A., which issued its report on 3 October 2018.

In addition, in the section headed "*Description of the Issuer – Balance Sheet and Income Statement*", there is certain aggregated financial information as at 31 December 2017 which constitutes the sum of relevant data extracted from the audited consolidated financial statements of the Issuer (comprising the Iccrea banking group as it was at such date) together with the same data extracted in relation to the BCCs as at the same date, but without intercompany eliminations. The financial information used to compile such tables was audited by different accounting firms and the tables themselves have not been audited.

Such aggregated financial information is being provided for information purposes only and does not reflect the Group's (as composed at the date hereof) actual financial position or results of operations.

Since 2016, the Issuer has undergone a series of corporate reorganisations pursuant to the BCC Reform Law and on 4 March 2019 the ECB gave final approval to the establishment of the Group (comprising the Issuer, certain majority owned subsidiaries and the BCCs) of which the Issuer is the group head (*capogruppo*) for the purposes of the BCC Reform Law. See "*Description of the Issuer—Recent Developments*".

Investors should therefore be aware that, since the current Group has only recently been created, with the exception of the aggregated financial information referred to above which was prepared as a simulation exercise, there is no audited consolidated financial information available with respect to the Group as it is composed on the date of this Base Prospectus. Investors should not place undue reliance on such aggregated financial information.

The first set of financial statements of the Group comprising the Issuer, certain majority owned subsidiaries and the BCCs will be for the period ending 30 June 2019.

The financial information incorporated herein contains no alternative performance indicators.

DOCUMENTS INCORPORATED BY REFERENCE

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

- the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2017;
- the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016; and
- the unaudited consolidated interim financial statements in respect of the Issuer as at and for the six months ended 30 June 2018,

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

The audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2017 and 31 December 2016 and the unaudited consolidated interim financial statements in respect of the Issuer as at and for the six months ended 30 June 2018 have been prepared in accordance with international accounting standards IAS/IFRS (International Accounting Standards/International Financial Reporting Standards), as adopted by the EU and shall be deemed to be incorporated in, and to form part of, this Base Prospectus, together (where applicable) with the accompanying notes and auditor's reports or the auditor's review reports as the case may be, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list below is for information purposes only. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Commission Regulation 809/2004/EC.

The Issuer will, at the specified offices of the Paying Agent, provide, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral requests for such documents should be directed to the specified office of any of the Paying Agents or to the specified office of the Listing Agent in Luxembourg. In addition such documents will be available, without charge, on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Cross-reference lists

The following table shows where the information required under Annex IX, paragraph 11.1 of Commission Regulation (EC) No. 809/2004 can be found in the above-mentioned financial statements incorporated by reference in this Base Prospectus.

Audited Consolidated Annual Financial Statements of the Issuer

| | 2017 | 2016 |
|---|---------------|---------------|
| Consolidated balance sheet | Page 351 | Page 38 |
| Consolidated income statement | Page 352 | Page 39 |
| Statement of changes in consolidated shareholders' equity | Pages 354-355 | Pages 41-42 |
| Statement of cash flows | Page 356 | Page 43 |
| Accounting policies | Pages 359-418 | Pages 47-85 |
| Notes to the consolidated financial statements | Pages 357-638 | Pages 47-295 |
| Independent Auditor's report | Pages 639-646 | Pages 297-299 |

| | 30 June 2018 |
|--|---------------------|
| Consolidated balance sheet | Pages 305-306 |
| Consolidated income statement | Page 307 |
| Statement of consolidated comprehensive income | Page 308 |
| Statement of changes in consolidated equity | Pages 309-310 |
| Statement of consolidated cash flows | Pages 311-312 |
| Accounting policies | Pages 315-389 |
| Notes to the consolidated interim financial statements | Pages 313-553 |
| Independent Auditors' review report | Pages 555-558 |

FURTHER PROSPECTUSES AND SUPPLEMENTS

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

The Issuer has given an undertaking to the Dealers that, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, it shall prepare a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuer may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "**Form of Final Terms**". To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) pursuant to Article 5.3 of the Prospectus Directive, by a registration document containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

FORMS OF THE NOTES

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

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

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

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note without Coupons or Receipts (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons or Receipts, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

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

within 7 days of the bearer requesting such exchange.

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream Banking SA or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

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

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

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons or Receipts, interests in

which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

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

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

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

Permanent Global Note exchangeable for Definitive Notes

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream Banking SA or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum

denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange. Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions relating to the Notes while in Global Form*" below.

Legend concerning United States persons

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

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

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions relating to the Notes while in Global Form" below. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

1. INTRODUCTION

- (a) *Programme:* ICCREA Banca S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €3,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 11 April 2019 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below. The Notes may also be senior preferred notes ("**Senior Preferred Notes**"), senior non-preferred notes ("**Senior Non-Preferred Notes**" and, together with the Senior Preferred Notes, the "**Senior Notes**") or subordinated notes ("**Subordinated Notes**"), depending on the status of the Notes specified in the relevant Final Terms.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**"), the holders of related principal receipts for the payment of instalments of principal (other than the final instalment) (the "**Receiptholders**" and the "**Receipts**", respectively) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified

Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. DEFINITIONS AND INTERPRETATION

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

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

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

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

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy and applicable to the Issuer or the Group (as the case may be), including, without limitation, the CRD IV Package, the Capital Instruments Regulations, the Circular No. 285 and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority or of the institutions of the European Union (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group, as the case may be);

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

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

"**Benchmarks Regulation**" means Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014;

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

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

"**Business Day**" means:

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

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

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

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

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s);

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

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

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

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

"CMS Rate" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent and subject to Condition 7(j) (*Benchmark replacement*);

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

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

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

"CRD IV" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended, supplemented or replaced from time to time;

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

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

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

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

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

Where

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

"**Deed of Covenant**" means the deed of covenant dated 11 April 2019 relating to the Notes executed by the Issuer;

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

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

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

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

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

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

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

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

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

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

"Final Redemption Amount" means:

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

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

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

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

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

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

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

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

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

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

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

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

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

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

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

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

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

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

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

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

"Loss Absorption Requirement" means the power of the Relevant Authority to impose that Own Funds instruments or other liabilities of the Issuer or entities of the Group (as the case may be) are subject to full or partial write-down of the principal or conversion into CET1 Instruments or other instruments of ownership;

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

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

"Maturity Period" means the period from and including the Issue Date to but excluding the Maturity Date;

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

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

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

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

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

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

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

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

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

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

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

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

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

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

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

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

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

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

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

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

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

"Reference Rate" means EURIBOR, LIBOR, ECB Interest Rate or the CMS Rate as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"Regular Period" means:

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

payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Regulatory Event**" means any change (or pending change which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes from their classification on the Issue Date that results, or would be likely to result, in their exclusion in full or, to the extent permitted under the Applicable Banking Regulations, in part, from the Tier 2 Capital of the Issuer or, where applicable in accordance with the Applicable Banking Regulations, a reclassification as a lower quality form of Own Funds;

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

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

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

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

"**Relevant Swap Rate**" means:

- (i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR Reuters (as defined in the ISDA

Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

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

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

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

"Reserved Matter" shall have the meaning given to it in the Agency Agreement and includes, *inter alia*, any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"Reset Date" has the meaning given in the relevant Final Terms;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) *Interpretation:* In these Conditions:

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

3. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. If the Notes are Instalment Notes in definitive form, they will be issued with Receipts attached. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes, the Coupons and the Receipts will pass by delivery. The holder of any Note, Coupon or Receipt shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. STATUS OF THE SENIOR PREFERRED NOTES

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

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

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

5. STATUS OF THE SENIOR NON-PREFERRED NOTES

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

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

- (i) junior to Senior Preferred Notes and all present or future unsecured and unsubordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Senior Non-Preferred Notes (including, without limitation, any obligations under the Senior Preferred Notes);
- (ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Senior Non-Preferred Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Senior Non-Preferred Notes (including, without limitation, the claims of the shareholders of the Issuer and

any other obligations under the Subordinated Notes or any other obligations under instruments or items included in the Tier 1 Capital or Tier 2 Capital of the Issuer),

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

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

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

6. STATUS OF THE SUBORDINATED NOTES

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

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

- (i) junior to all present or future unsecured and unsubordinated obligations of the Issuer (including, without limitation, any obligations under the Senior Notes) or any other present or future subordinated obligations of the Issuer which rank, or are expressed by their terms to rank, senior to the Subordinated Notes;
- (ii) *pari passu* among themselves and with any other present or future obligations of the Issuer which do not rank, or are not expressed by their terms to rank, junior or senior to the Subordinated Notes; and
- (iii) senior to any present or future obligations of the Issuer which rank, or are expressed by their terms to rank, junior to the Subordinated Notes (including, without limitation, the claims of the shareholders of the Issuer and any other obligations under instruments or items included in the Tier 1 Capital of the Issuer).

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

- (c) *Waiver of set-off rights:* Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

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

7. **FIXED RATE NOTE PROVISIONS**

- (a) *Application:* This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if: (i) the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Fixed Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Fixed Rate Note Provisions*) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the Amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

8. FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS

- (a) *Application:* This Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if: (i) the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable; or (ii) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Floating Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis, subject to Condition 8 (j) (*Benchmark replacement*):
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
 - (A) the Issuer and/or an independent advisor appointed by the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) the Calculation Agent will determine the arithmetic mean of such quotations; and

- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- (d) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula, subject to Condition 8 (j) (*Benchmark replacement*):

CMS Rate plus Margin

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

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

- (e) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap

transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified currency (half a sub-unit being rounded upwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Floating Rate Note or CMS Linked Interest Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.
- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) *Notifications, etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this

Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders, the Receipholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(j) *Benchmark replacement:*

A. (1) If the Issuer or the Calculation Agent determines at any time prior to, on or following any Interest Determination Date, that the Relevant Screen Page on which appears the Reference Rate has been discontinued, or (2) following the adoption of a decision to withdraw the authorisation or registration as set out in Article 35 of the Benchmarks Regulation, the Issuer will as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint an agent (the "**Reference Rate Determination Agent**"), which will not later than the Interest Determination Cut-off Date determine in a commercially reasonable manner whether a substitute or successor rate for purposes of determining the Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the discontinued Reference Rate is available. If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will use such successor rate to determine the Reference Rate. If the Reference Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**"), for purposes of determining the Reference Rate on each Interest Determination Date falling on or after such determination: (i) the Reference Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction, and any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the discontinued Reference Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (ii) references to the Reference Rate in the Conditions and the Final Terms applicable to the relevant Notes will be deemed to be references to the Replacement Reference Rate, including any alternative method for determining such rate as described in (i) above; (iii) the Reference Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (iv) the Issuer will give notice as soon as reasonably practicable to the Noteholders, the relevant Paying Agent and the Calculation Agent specifying the Replacement Reference Rate, as well as the details described in (i) above, *provided in each case that*, if so specified in the Final Terms, the provisions under this paragraph will not apply if this would cause the occurrence of a Regulatory Event.

For the avoidance of doubt, the Paying Agent 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 8(j). No Noteholder consent shall be required in connection with effecting the substitute or successor rate or such other changes, including for the execution of any documents or other steps by the Paying Agent (if required).

- B. The determination of the Replacement Reference Rate and the other matters referred to above by the Reference Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Paying Agent, and the Noteholders, unless the Issuer considers at a later date that the Replacement Reference Rate is no longer substantially comparable to the Reference Rate or does not constitute an industry accepted successor rate, in which case the Issuer shall re-appoint a Reference Rate Determination Agent (which may or may not be the same entity as the original Reference Rate Determination Agent) for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate in an identical manner as described in this Condition 8(j), which will then (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Paying Agent and the Noteholders. If the Reference Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the last known Replacement Reference Rate will apply.
- C. If the Reference Rate Determination Agent determines that the Relevant Screen Page on which appears the Reference Rate has been discontinued or a decision to withdraw the authorisation or registration as set out in Article 35 of the Benchmarks Regulation has been adopted but for any reason a Replacement Reference Rate has not been determined later than the Interest Determination Cut-off Date or, if the provisions relating to the occurrence of a Regulatory Event in case of a Replacement Reference Rate is specified as applicable in the relevant Final Terms, the provisions under paragraph (A.) above would cause the occurrence of a Regulatory Event, no Replacement Reference Rate will be adopted, and the Relevant Screen Page on which appears the Reference Rate for the relevant Interest Period will be equal to the last Reference Rate available at the immediately preceding Interest Period on the Relevant Screen Page as determined by the Calculation Agent.
- D. The Reference Rate Determination Agent may be (i) a leading bank or a broker-dealer in the principal financial centre of the Specified Currency (which may include one of the Dealers involved in the issue of the Notes) as appointed by the Issuer, (ii) the Issuer or an affiliate of the Issuer (in which case any such determination shall be made in consultation with an independent financial advisor), (iii) the Calculation Agent (if agreed in writing by the relevant Calculation Agent) or (iv) any other entity which the Issuer considers has the necessary competences to carry out such role.

For the purpose of this Condition 8(j) "**Interest Determination Cut-off Date**" means the date which falls fifteen (15) calendar days before the end of the Interest Period relating to the Interest Determination Date in respect of which the provisions of this Condition 8(j) shall be applied by the Issuer.

9. ZERO COUPON NOTE PROVISIONS

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

- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9A. CHANGE OF INTEREST BASIS

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 7 (*Fixed Rate Note Provisions*) or Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*), each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a "**Switch Option**"), having given notice to the Noteholders in accordance with Condition 19 (*Notices*) and delivering such notice to the Paying Agent and the Calculation Agent on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), *provided that* (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

"**Switch Option Expiry Date**" and "**Switch Option Effective Date**" shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Condition and in accordance with Condition 19 (*Notices*) prior to the relevant Switch Option Expiry Date.

10. REDEMPTION AND PURCHASE

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

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

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

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

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

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes;
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (C) in the case of Subordinated Notes only if the circumstances under points (A) and (B) above have occurred within five years of the issue of the relevant Subordinated Notes, the Issuer demonstrates to the satisfaction of the Relevant Authority that such change is material and was not reasonably foreseeable at the Issue Date,

(any such event, a "**Tax Event**")

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by a legal representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

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

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

(c) *Redemption for regulatory reasons:*

- (i) *Application:* This Condition 10(c) applies only if (A) the Notes are specified in the relevant Final Terms as being Subordinated Notes; and (B) Condition 10(c) is specified in the relevant Final Terms as being applicable.
- (ii) *Redemption:* If, at any time the Issuer determines that a Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer (subject to Condition 10(g) (*Redemption of Subordinated Notes*) below), in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor a CMS Linked Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or a CMS Linked Interest Note), on giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 19 (*Notices*), to the Noteholders.

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

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

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

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

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

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

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

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

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

Prior to the publication of any notice of redemption pursuant to this Condition 10(d), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be conclusive and binding on the Noteholders and the Couponholders).

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

- (e) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to prior approval of the Relevant Authority) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

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

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

Date, the redemption pursuant to this Condition 10(e) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

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

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

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

- (g) *Redemption of Subordinated Notes*

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

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

Amounts that would otherwise be payable on the due date will continue to bear interest until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Notes up to that day are received by or on behalf of the Noteholders and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of such Subordinated Notes up to such seventh

day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 19 (*Notices*).

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

- (i) *Application:* This Condition 10(h) (*Redemption at the option of Noteholders*) is applicable only to Senior Preferred Notes or Senior Non-Preferred Notes and if the Put Option is specified in the relevant Final Terms as being applicable.
- (ii) *Put Options:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(h), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons and any unmatured Receipts relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(h), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(h), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (i) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(h) (*Redemption at the option of Noteholders*).
- (j) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption, pursuant to Condition 10 (*Redemption and Purchase*), of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the

purposes of this Condition 10(j) or, if none is so specified, a Day Count Fraction of 30E/360.

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

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

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

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

such Senior Preferred Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements); and (ii) in case of Senior Non-Preferred Notes only, Article 12-*bis* and Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Relevant Authority at the relevant time.

11. PAYMENTS

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

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

at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

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

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

(d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

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

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

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10(e) (*Redemption at the option of the Issuer*), Condition 10(h) (*Redemption at the option of Noteholders*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted under Condition 11(c) (*Payments in New York City*)).
- (i) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) attached to the Notes, the Talon attached to such Note may be exchanged at the Specified Office of the Fiscal Agent for further Coupons, as the case may be (including, if appropriate, a further Talon) but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- (j) *Unmatured Receipts Void*: If the relevant Final Terms specifies that this Condition 10(j) is applicable or that the Instalment Note provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption of Senior Notes due to a MREL Disqualification Event*), Condition 10(e) (*Redemption at the option of the Issuer*), Condition 10(h) (*Redemption at the option of Noteholders*) or Condition 13 (*Events of Default*), all unmaturred Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

12. TAXATION

- (a) *Withholding and deduction*: All payments of principal (if applicable) and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.
- (b) *Gross up*: In the event that such withholding or deduction of taxes, duties, assessments, or governmental charges is required by law (as referred to in Condition 12(a)), the Issuer shall pay such additional amounts necessary for the net amounts received by the Noteholders and Couponholders after such withholding or deduction to equal the respective amounts of principal and interest, in the case of Senior Notes and to the extent permitted by the MREL Requirements, or interest only, in the case of Subordinated Notes, which would otherwise have been receivable in respect of the Notes or Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
 - (i) in the Republic of Italy;
 - (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or

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

13. EVENTS OF DEFAULT

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

- (i) *Winding-up etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved by Extraordinary Resolution); or
- (ii) *Analogous event:* any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraph (i) (*Winding up, etc.*) above,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

14. **PRESCRIPTION**

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

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

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

16. **AGENTS**

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

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

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

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

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

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

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

- (b) *Modification:* The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

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

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

This Condition 17(c) applies to Subordinated Notes if Modification or Substitution of Subordinated Notes for Regulatory Event or Tax Event is specified in the applicable Final Terms as being applicable. If at any time a Tax Event or a Regulatory Event occurs or in order to ensure the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), then the Issuer may either, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority: (a) substitute new notes for the Subordinated Notes whereby such

new notes shall replace the Subordinated Notes, or (b) vary the terms of the Subordinated Notes, at any time without any requirement for consent of the holders of Subordinated Notes, so that the Subordinated Notes are substituted for, or as applicable, varied to, become or remain, Qualifying Subordinated Notes, subject to having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and the holders of Subordinated Notes and subject to receiving the prior consent from the Relevant Authority if and as required therefor under the Applicable Banking Regulations and in accordance with the Applicable Banking Regulations in force at the relevant time.

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

For the purposes of this Condition 17(c), "**Qualifying Subordinated Notes**" means securities issued directly or indirectly by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have the terms not less favourable to the holders of Subordinated Notes, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing, than the terms of the Subordinated Notes, and they shall also (a) contain terms such that they comply with the minimum requirement under the Applicable Banking Regulations for inclusion in the Tier 2 Capital of the Issuer; (b) provide for a ranking at least equal to that of the Subordinated Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (d) have the same redemption rights as the Subordinated Notes; (e) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of modification or substitution; and (f) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Subordinated Notes (if rated) immediately prior to modification or substitution;
 - (ii) are listed or admitted to trading on a recognised stock exchange if the Subordinated Notes were listed or admitted to trading immediately prior to such modification or substitution; and
 - (iii) are not subject, at the time of, or immediately following, such modification or substitution, to any early redemption right for taxation reasons.
- (d) *Modification or Substitution of Senior Preferred Notes and Senior Non-Preferred Notes following a MREL Disqualification Event*

This Condition 17(d) applies to Senior Preferred Notes or Senior Non-Preferred Notes if Modification or Substitution of Notes for MREL Disqualification Event is specified in the applicable Final Terms as being applicable. If at any time a MREL Disqualification Event occurs or in order to ensure the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), then the Issuer may

either, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority: (a) substitute new notes for the Senior Preferred Notes or Senior Non-Preferred Notes whereby such new notes shall replace the Senior Preferred Notes or Senior Non-Preferred Notes, or (b) vary the terms of such Senior Preferred Notes or Senior Non-Preferred Notes, at any time without any requirement for consent of the holders of Senior Preferred Notes or Senior Non-Preferred Notes, so that the Senior Preferred Notes or Senior Non-Preferred Notes are substituted for, or as applicable, varied to, become or remain, Qualifying Senior Preferred Notes or Qualifying Senior Non-Preferred Notes, subject to having given not less than 30 nor more than 60 days' notice to the Agent and the holders of Senior Preferred Notes or Senior Non-Preferred Notes and subject to receiving the prior consent from the Relevant Authority if and as required therefor under the MREL Requirements in force at the relevant time.

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

For the purposes of this Condition 17(d):

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

- (i) other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior Preferred Notes, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing, than the terms of the Senior Preferred Notes, and they shall also (a) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for own funds and eligible liabilities under the then applicable MREL Requirements; (b) provide for a ranking at least equal to that of the Senior Preferred Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Preferred Notes; (d) have the same redemption rights as the Senior Notes; (e) preserve any existing rights under the Senior Preferred Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of modification or substitution; and (e) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Senior Preferred Notes (if rated) immediately prior to such variation or substitution; and
- (ii) are listed or admitted to trading on a recognised stock exchange if the Senior Preferred Notes were listed or admitted to trading immediately prior to such modification or substitution.

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

- (i) other than in respect of the effectiveness and enforceability of Condition 23 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior Non-Preferred Notes, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing, than the terms of the Senior Non-Preferred Notes, and they shall also (a) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for own funds and eligible liabilities under the then applicable MREL Requirements; (b) provide for a ranking at least equal to that of the Senior Non-Preferred Notes; (c) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes; (d) have the same redemption rights as the Senior Non-Preferred Notes; (e) preserve any existing rights under the Senior Non-Preferred Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of modification or substitution; and (e) are assigned (or maintain) the same credit ratings with the same outlook as were assigned to the Senior Non-Preferred Notes (if rated) immediately prior to such variation or substitution; and
- (ii) are listed or admitted to trading on a recognised stock exchange if the Senior Non-Preferred Notes were listed or admitted to trading immediately prior to such modification or substitution.

18. FURTHER ISSUES

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

19. NOTICES

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

20. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes, the Coupons or any Receipt or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment

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

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

21. **ROUNDING**

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

22. **GOVERNING LAW AND JURISDICTION**

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

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

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

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

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

Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-In Power by the Relevant Authority.

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

by the Issuer to give notice shall not affect the validity and enforceability of the Bail-In Power nor the effects on the Notes described in this Condition 23.

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

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

As used in this Condition:

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

"Group Entity" means the Issuer or any legal person that is part of the Group;

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

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

FORM OF FINAL TERMS

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

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), 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 Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

Final Terms dated [●]

ICCREA Banca S.p.A.

Issue of [currency] [amount] [description] Notes

under the €3,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [●] April 2019 [and the supplement to the Base Prospectus dated [insert date] [delete if not applicable].] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain

the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address].] The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

(When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive).

1. [(i)] [Series Number:] [●]
- [(ii)] [Tranche Number:] [●]
- [(iii)] Date on which the Notes become fungible: [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to be on or about [●].]

2. **Specified Currency or Currencies:** [●]
(Condition 2(a) (Definitions and Interpretation – Definitions – "Specified Currency"))

3. **Aggregate Nominal Amount:** [●]
[(i)] [Series:] [●]
[(ii)] [Tranche:] [●]

4. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] *(in the case of fungible issues only, if applicable)*
(Condition 2(a) (Definitions and Interpretation – Definitions – "Issue Price"))

5. (i) **Specified denominations:** [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in

(Condition 2(a) (*Definitions* definitive form will be issued with a
and Interpretation – denomination above [●].]
Definitions – "*Specified*
Denominations")

(The minimum denomination of Notes admitted to trading on a regulated market within the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency).)

(Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or, whose issue otherwise, constitutes a contravention of Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)

(ii) **Calculation Amount:** *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*
(Condition 2(a) (*Definitions* and *Interpretation* – *Definitions* – "*Calculation Amount*")

6. [(i)] **Issue Date:** [●]

(Condition 2(a) (*Definitions* and *Interpretation* – *Definitions* – "*Issue Date*")

[(ii)] **Interest Commencement Date** [Issue Date]/[Not Applicable]/ [●]
(if different from the Issue Date):

(Condition 2(a) (*Definitions* and *Interpretation* – *Definitions* – "*Interest Commencement Date*")

7. **Maturity Date:** *(Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year)*

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Maturity Date"*))

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

8. **Interest Basis:** [[●] per cent. Fixed Rate]
- (Condition 7 (*Fixed Rate Note Provisions*) / Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*) and Condition 9 (*Zero Coupon Note Provisions*))
- [[●] per cent. Fixed Rate from [●] to [●], then [●] per cent. Fixed Rate from [●] to [●]]
- [[EURIBOR]/[LIBOR]/[ECB Interest Rate] +/- [] per cent. per annum Floating Rate]
- [Floating Rate: CMS Linked Interest]
- [Zero Coupon]
- (further particulars specified below)
9. **Redemption/Payment Basis:** [Redemption at par]/[Redemption at par in Instalment Amounts]
10. **Change of Interest Basis:** [Applicable / Not Applicable]
- (Condition 9A (*Change of Interest Basis*))
- (if applicable, specify the date when any fixed to floating rate or vice-versa change occurs or cross refer to paragraphs 13 and 14 (as appropriate) below and identify there)*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. To be completed in addition to paragraphs 13 and 14 (as appropriate) if any fixed to floating or fixed reset rate change occurs)*
- (i) **Reset Date(s):** [●]

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

(N.B. The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 19 on or prior to the relevant Switch Option Expiry Date)

(iii) Switch Option Expiry Date: [●]

11. **Put/Call Options:** [Investor Put]

(Condition 10(e) (*Redemption and Purchase – Redemption at the option of the Issuer*)) or (Condition 10(h) (*Redemption and Purchase – Redemption at the option of Noteholders*)) and Condition 10(f) (*Redemption and Purchase – Partial redemption*)) [Issuer Call due to MREL Disqualification Event] [(further particulars specified in paragraph [16]/[17]/[18]/[19]/[20]/[21] below)]

12. (i) **Status of the Notes:** [Senior Preferred Notes]/[Senior Non-Preferred Notes]/[Subordinated Notes]
(Condition 4 (*Status of Senior Preferred Notes*)) or Condition 5 (*Status of Senior Non -Preferred Notes*) or Condition 6 (*Status of Subordinated Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions:** [Applicable/Not Applicable/(if a Change of Interest Basis applies): Applicable for the period starting from [and including] [●] ending on [but excluding] [●]]]
(Condition 7 (*Fixed Rate Note Provisions*))

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(Condition 7(b) (*Fixed Rate Note Provisions – Accrual of interest*))

- (ii) Interest Payment Date(s): [●] in each year up to and including the Maturity Date
 (Condition 2(a) (Definitions and Interpretation – Definitions – "Interest Payment Date"))
- (iii) Fixed Coupon Amount(s): [[●] per Calculation Amount]
 (Condition 2(a) (Definitions and Interpretation – Definitions – "Fixed Coupon Amount"))
 /
 (for Instalment Notes only:) [See column "Fixed Coupon Amount per Note of a denomination of the Calculation Amount" in the Appendix to the Final Terms for details of the Fixed Coupon Amount per Note of a denomination of the Calculation Amount payable on each Interest Payment Date]
- (iv) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] / [Not Applicable]
 (Condition 2(a) (Definitions and Interpretation – Definitions – "Broken Amount"))
- (v) Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/365]/[Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[30/360]/[Eurobond basis]
 (Condition 2(a) (Definitions and Interpretation – Definitions – "Day Count Fraction"))
14. **Floating Rate Note Provisions:** [Applicable/Not Applicable/(if a Change of Interest Basis applies): Applicable for the period starting from [and including] [●] ending on [but excluding] [●]]
 (Condition 8 (Floating Rate and CMS Linked Interest Note Provisions))
 (If not applicable, delete the remaining subparagraphs of this paragraph.)
- (i) Interest Payment Dates: [●]
 (Condition 2(a) (Definitions and Interpretation –

Definitions – "Interest Payment Date")

- (ii) Business Day Convention: [Floating Rate Convention/
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Business Day Convention")*) Following Business Day Convention/
Modified Following Business Day Convention/
Preceding Business Day Convention]
- (iii) Specified Period: [Not Applicable]/ [●]
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Specified Period")*)
- (iv) Additional Business Centre(s): [Not Applicable/[●]]
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Additional Business Centre(s)")*)
- (v) Manner in which the Rate(s) [Screen Rate Determination/ISDA of Interest is/are to be Determination] determined:
(Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*))
- (vi) Party responsible for [[Name] shall be the Calculation Agent] (*no need calculating the Rate(s) of to specify if the Fiscal Agent is to perform this Interest and Interest function*) Amount(s) (if not the Fiscal Agent):
(Condition 2(a) (*Definitions and Interpretation – Definitions – "Calculation Agent")*)
- (vii) Screen Rate Determination:
(Condition 8 (*Floating Rate and CMS Linked Interest Note Provisions*))

- Reference Rate: [LIBOR/EURIBOR/ECB Interest Rate/CMS Rate]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Reference Rate"*))

- Reference Banks: [Not Applicable]/ [●]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Reference Banks"*))

- Interest Determination [●]
Date(s):

(in the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Interest Determination Date"*))

(in the case of a CMS Rate where the Reference Currency is other than euro): [Second [specify type of day] prior to the start of each Interest Period]

- Relevant Screen Page: [For example, Reuters page EURIBOR01]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Relevant Screen Page"*))

(In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)

- Relevant Time: [For example, 11.00 a.m. [London/Brussels] time]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Relevant Time"*))

- Relevant Financial Centre: (For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro))

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Relevant Financial Centre"*))

- [Reference Currency:] [●]

(only relevant where the CMS Rate is the Reference Rate)

(Condition 2(a) (Definitions and Interpretation – Definitions – "Reference Currency"))

- [Designated Maturity:] [●]

(only relevant where the CMS Rate is the Reference Rate)

(Condition 2(a) (Definitions and Interpretation – Definitions – "Designated Maturity"))

- [Provisions relating to the occurrence of a Regulatory Event in case of Replacement Reference Rate:] [Applicable/Not Applicable]

(viii) ISDA Determination:

(Condition 8(e) (Floating Rate and CMS Linked Interest Note Provisions – ISDA Determination))

- Floating Rate Option: [●]

- Designated Maturity: [●]

- Reset Date: [●]

(In the case of a LIBOR or EURIBOR or ECB Interest Rate or CMS Rate based option, the first day of the Interest Period)

(ix) Margin(s): [+/-] [●] per cent. per annum

(Condition 2(a) (Definitions and Interpretation – Definitions – "Margin"))

(x) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]

(Condition 8(f) (Floating Rate and CMS Linked Interest Note

Provisions – Maximum or Minimum Rate of Interest))

(xi) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]

(Condition 8(f) (Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest))

(xii) Day Count Fraction: [Actual/Actual (ICMA)]/

(Condition 2(a) (Definitions and Interpretation – Definitions – "Day Count Fraction"))

[Actual/365]/
[Actual/Actual (ISDA)]/
[Actual/365 (Fixed)]/

[Actual/360]/[30/360]/[30/360]/[Eurobond basis]

15. Zero Coupon Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Accrual Yield: [●] per cent. per annum

(Condition 2(a) (Definitions and Interpretation – Definitions – "Accrual Yield"))

(ii) Reference Price: [●]

(Condition 2(a) (Definitions and Interpretation – Definitions – "Reference Price"))

PROVISIONS RELATING TO REDEMPTION

16. Call Option: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Optional Redemption Date(s) [●]
(Call):

(If the Notes are Subordinated Notes, unless otherwise permitted by current laws,

Condition 10(e) (*Redemption regulations, directives and/or the Relevant and Purchase – Redemption at Authority's requirements applicable to the issue the option of the Issuer*) and of Subordinated Notes by the Issuer, the Optional Condition 10(f) (*Redemption Redemption Date shall not be earlier than five and Purchase – Partial years after the Issue Date*) redemption)

(*If the Notes are Senior Non-Preferred Notes, unless otherwise permitted by current laws, regulations, directives and/or the Relevant Authority's requirements applicable to the issue of Senior Non-Preferred Notes by the Issuer, the Optional Redemption Date shall not be earlier than twelve months after the Issue Date*)

- (ii) Optional Redemption [●] per Calculation Amount Amount(s) (Call):

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Optional Redemption Amount (Call)"*))

- (iii) If redeemable in part:

- (a) Minimum Redemption [●] Amount:

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Minimum Redemption Amount"*))

- (b) Maximum [●] Redemption Amount:

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Maximum Redemption Amount"*))

- (iv) Notice period (if other than as [●] set out in the Conditions):

Condition 10(e) (*Redemption and Purchase – Redemption at (N.B. If setting notice periods which are different the option of the Issuer) and from those provided in the Conditions, the Issuer Condition 10(f) (Redemption is advised to consider the practicalities of and Purchase – Partial distribution of information through redemption) intermediaries, for example, clearing systems and custodians, as well as any other notice*)

requirements which may apply, for example, as between the Issuer and the Paying Agent)

17. Regulatory Call: [Condition 10(c) is applicable/Not Applicable]

(Condition 10(c) (*Redemption and Purchase – Redemption for regulatory reasons*)) (Only applicable for Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)

18. Issuer Call due to a MREL Disqualification Event [Condition 10(d) is applicable/Not Applicable]

(Condition 10(d)) (Only relevant in the case of Senior Preferred Notes or Senior Non-Preferred Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Notice period (if other than as set out in the Conditions): [●]

(N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Paying Agent)

19. Put Options: [Applicable/Not Applicable]

(Condition 10(h) (*Redemption and Purchase – Redemption at the option of Noteholders*)) (Applicable only to Senior Notes/if not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s) (Put): [●]

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Optional Redemption Date (Put)"*))

(ii) Optional Redemption Amount(s) (Put): [●] per Calculation Amount

(Condition 2(a) (*Definitions and Interpretation – Definitions – "Optional Redemption Amount (Put)"*))

- (iii) Notice period (if other than as [●] set out in the Conditions):

(N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer and Purchase – Redemption at is advised to consider the practicalities of the option of Noteholders)) distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Paying Agent)

20. Final Redemption Amount:

(for all Notes other than Instalment Notes or Zero Coupon Notes:) [at 100 per cent. of their nominal amount] / (for Zero Coupon Notes only:) [[●] per Calculation Amount] / (for Instalment Notes only:) [Notes will be redeemed by payment of Instalment Amounts on each Interest Payment Date in accordance with the Appendix to the Final Terms hereto and in the amount set out therein. Upon payment of each Instalment Amount, the outstanding principal amount of each Note shall be reduced by the relevant Instalment Amount for all purposes.

The Final Redemption Amount will be the final Instalment Amount as set out in the Appendix to the Final Terms hereto.]

21. Early Redemption Amount:

- (a) Early Redemption Amount(s) [Not Applicable]/ [●]/*(for Instalment Notes payable on redemption for only:) [The Early Redemption Amount will be, taxation reasons or on event of in respect of each Note, the principal amount of default: the Notes outstanding following the payment of any Instalment Amounts paid by the Issuer prior to the relevant date for redemption, as set out in the Appendix to the Final Terms hereto.]*

(Condition 2(a) (Definitions Interpretation – Definitions – "Early Redemption Amount (Tax)" and "Early Redemption Amount (Regulatory Event)") (If the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or Early Redemption Amount (Regulatory Event) and/or the Early Termination Amount if different from the principal amount of the Notes.)

- (b) Early Redemption Amount [●] per Calculation Amount/[●] payable on redemption upon the occurrence of a MREL

Disqualification Event as contemplated by Condition 10(d):

22. **Instalment Notes:** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Instalment Amount(s) The amounts set out in the table in the Appendix to the Final Terms.
- Notes will be redeemed by payment of the Instalment Amounts on each Interest Payment Date in accordance with the Appendix to the Final Terms hereto and in the amount set out therein. Upon payment of each Instalment Amount, the outstanding principal amount of each Note shall be reduced by the relevant Instalment Amount for all purposes.
- (ii) Instalment Date(s): Each Interest Payment Date as set out in the Appendix to the Final Terms.
23. **Modification or Substitution of Notes**
- (a) Modification or Substitution [Applicable]/[Not Applicable] in relation to of Subordinated Notes for [Regulatory Event/Tax Event] Regulatory Event/Tax Event:
- (b) Modification or Substitution [Applicable]/[Not Applicable] of Senior Preferred Notes and Senior Non-Preferred Notes for MREL Disqualification Event:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. **Form of Notes:** [Temporary Global Note exchangeable for Definitive Notes on [30] days' notice.]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [30] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Permanent Global Note exchangeable for Definitive Notes on [30] days' notice/at any

time/in the limited circumstances specified in the Permanent Global Note].

(In relation to any Notes issued with a denomination of €100,000 (or equivalent) and integral multiples of €1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable to Definitive Notes in the limited circumstances of (1) closure of the ICSDs; and (2) default of the Issuer.)

25. **New Global Note Form:** [Applicable/Not Applicable]
26. **Additional Financial Centre(s) or other special provisions relating to Payment Business Days:** [Not Applicable/[●].]
(Note that this paragraph relates to the place of payment)
27. **Talons for future Coupons or Receipts to be attached to Definitive Notes** (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupons are left.]

THIRD PARTY INFORMATION

[The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [(specify source)], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/(specify)/None]/[Not Applicable]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].]/[Not Applicable.] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)
- (iii) Estimated total expenses of admission to trading: [●] / [Not Applicable]

2. RATINGS

- Ratings:** [The Notes to be issued have been rated:
- [Fitch: [●]]
- [S&P: [●]]
- [[Other]: [●]]]
- (Insert where the issue has been specifically rated)*
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
- [Fitch: [●]]
- [S&P: [●]]
- [DBRS: [●]]
- [[Other]: [●]]]
- (Insert where the issue has not been specifically rated)*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- (Insert the following where the relevant credit rating agency is established in the EEA:)*

[[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered]/[has applied for registration although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]/[is neither registered nor has it applied for registration] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]

(Insert the following where the relevant credit rating agency is not established in the EEA:)

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA [but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered] / [but is certified] / [and is not certified under nor is the rating it has given to the Notes endorsed by a credit rating agency established in the EEA and registered] under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

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

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save for any fees payable to the [[Joint Lead] Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." *(Amend as appropriate if there are other interests).*

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer [●] [Not Applicable]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here. If the Notes are Social Bonds or Green Bonds or Sustainability Bonds describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied and refer to the relevant bond framework.)]

[(ii) Estimated net proceeds: [●] [Not Applicable]]

[(iii) Estimated total expenses: [●] *[Include breakdown of expenses.]* [Not Applicable]

(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

5. [Fixed Rate Notes only] YIELD

Indication of yield: [Not Applicable]

[●]

Calculated as *(include details of method of calculation in summary form)* on the Issue Date.]

[6. ***[Floating Rate Notes and CMS Index Linked Interest Notes only]*** HISTORIC INTEREST RATES

[Not Applicable]

[Details of historic [LIBOR/EURIBOR/ECB Interest Rate/CMS Rate] rates can be obtained from [Reuters].]

[Benchmarks: Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) No. 2016/1011) (the "**Benchmarks Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [●] is not currently required to obtain authorisation or registration.]]

7. **OPERATIONAL INFORMATION**

(i) ISIN: [●]

(ii) Common Code: [●]

[(iii) CFI: [Not Applicable/[●]]]

[(iv) FISN: [Not Applicable/[●]]
(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

(v) New Global Note intended to be held in a manner which would allow Eurosystem eligibility [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the

future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

- (vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg and the relevant identification number(s) and addresses: [Not Applicable/[●] (*give name(s), number(s) and addresses*)]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of additional Paying Agent(s) (if any): [●]

8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
 - a) If syndicated, names of Managers: [Not Applicable/[●] (*give names, addresses and underwriting commitments*)]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)]
 - b) Date of Subscription Agreement: [●]
 - c) Stabilising Manager(s) (if any): [Not Applicable/[●] (*give name*)]
- (ii) If non-syndicated, name of Dealer: [Not Applicable/[●] (*give name and address*)]

(iii) US Selling Restrictions: [Reg. S Compliance Category 2] / [TEFRA [C]/[D]] / [TEFRA not applicable]

(iv) Prohibition of sales to EEA [Applicable] / [Not applicable]
Retail Investors:

(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)

(for Instalment Notes only:)

[APPENDIX TO THE FINAL TERMS]

| Instalment Date | Aggregate Nominal Amount outstanding at each date prior to the scheduled redemption of Instalment Amount <i>(in [Specified Currency])</i> | Instalment Amount <i>(in [Specified Currency])</i> | Principal Amount outstanding following payment of Instalment Amount <i>(in [Specified Currency])</i> | Aggregate of Interest payable on each Interest Payment Date and on the Maturity Date in respect of the last payment <i>(in [Specified Currency])</i> | Instalment Amount per Note of a denomination of <i>[Calculation Amount]</i> <i>(in [Specified Currency])</i> | Fixed Coupon Amount per Note of a denomination of <i>[Calculation Amount]</i> <i>(in [Specified Currency])</i> |
|------------------------|---|--|--|--|---|---|
| [•] | [•] | [•] | [•] | [•] | [•] | [•] |
| [•] | [•] | [•] | [•] | [•] | [•] | [•] |

[To be completed in respect of each Instalment Note]

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream Banking SA and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream Banking SA and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

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

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 11 April 2019 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

In addition to the requirements and procedures set out in this section, any exchange of Temporary Global Notes will be subject to the requirements and procedures set out under "*Form of the Notes*".

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal

amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

In addition to the requirements and procedures set out in this section, any exchange of Permanent Global Notes will be subject to the requirements and procedures set out under "*Form of the Notes*".

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

- *Payments*: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note,

the Issuer shall procure that, in respect of a CGN, the payment is noted on a schedule thereto and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream Banking SA.

- *Exercise of put option:* In order to exercise the option contained in Condition 10(h) (*Redemption at the option of Noteholders*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.
- *Partial exercise of call option:* In connection with an exercise of the option contained in Condition 10(e) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream Banking SA (to be reflected in the records of Euroclear and Clearstream Banking SA, at their discretion, as either a pool factor or a reduction in principal amount).
- *Notices:* Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system; except that for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is also a requirement of applicable laws or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
- *Payment Business Day:* Notwithstanding the definition of "Payment Business Day" in Condition 2(a) (*Definitions*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream Banking SA and/or any other relevant clearing system, "Payment Business Day" means:
 - (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

DESCRIPTION OF THE ISSUER

General

Introduction

ICCREA Banca S.p.A. (the "**Issuer**") is a bank incorporated in Italy as a limited liability company (*società per azioni*). The full legal name of the Issuer is "Iccrea Banca S.p.A. – Istituto Centrale del Credito Cooperativo", and its abbreviated form is "Iccrea Banca S.p.A.".

The Issuer is registered in the companies register of Rome under number 04774801007, tax code and VAT number 04774801007, and with the register of banks held by the Bank of Italy under number 20016. Its registered office is located at Via Lucrezia Romana 41/47, 00178 Rome (Italy) and its telephone number is +39 06 7207.1.

The Issuer's business authorisation is valid until 31 December 2050, with the possibility of this term being extended by an extraordinary shareholders' meeting under article 2 of the Issuer's by-laws.

In February 2016, Law Decree No. 18 of 14 February 2016 was published in the Official Gazette of the Italian Republic (and subsequently converted into law with amendments by Law no. 49/2016) (the "**BCC Reform Law**") introducing a series of important reforming measures for Italy's cooperative credit banks (*banche di credito cooperative*).

The Issuer has recently undergone a corporate reorganisation pursuant to the BCC Reform Law, and has become group head company (*capogruppo* for the purposes of the BCC Reform Law) of the Iccrea Cooperative Banking Group (*Gruppo Bancario Cooperative Iccrea*) (the "**Group**") which, at the date of this Base Prospectus comprises 140 cooperative credit banks (*banche di credito cooperative*) (the "**BCCs**") and the Group Companies (defined below) .

As at the date of this Base Prospectus, 95.107% of the Issuer's shares are held by the BCCs, Cassa Centrale Banca del Nord-Est, Raiffeisen Landesbank Sudtirol Cassa Centrale dell'Alto Adige and certain other banks. The remaining shares in the Issuer are owned by other entities permitted by the BCC Reform Law. See "*Shareholdings in the Issuer*".

The Issuer has majority shareholdings in the following companies which, together with the BCCs and the Issuer form the Group: Iccrea Bancaimpresa S.p.A., BCC Factoring S.p.A., BCC Lease S.p.A., BCC CreditoConsumo S.p.A., BCC Risparmio&Previdenza SGR, Banca Sviluppo S.p.A., BCC Gestione Crediti S.p.A., In.Cra. S.r.l., BCC Beni Immobili S.r.l., Sinergia Sistemi di Servizi S.r.l., Sigest S.r.l., Banca Mediocredito FVG S.p.A., BCC Solutions S.p.A., Immobiliare Banca d'Alba S.r.l., BCC Sistemi Informatici S.c.p.A., BIT S.p.A., Brianza Elaborazione Dati S.p.A., Coopersystem Società Cooperativa S.p.A. and Sirius Project S.r.l. (the "**Group Companies**").

In addition, the Issuer has controlling shareholdings in the following companies: Ventis S.r.l. (95%), BCC Retail Scarl (59.403%), FDR Gestione Crediti S.p.A. (100%) and 13metriquadri Srl (95%). The Issuer also holds minority participations in BCC Assicurazioni S.p.A. (49%), BCC Vita S.p.A (49%), M-Facility S.p.A. (37.5%), Accademia BCC Scpa (26.45%), Satsipay S.p.A. (15.09%) and Hi-Mtf Sim S.p.A. (25%). Such companies fall outside the perimeter of the Group.

History and Development

The origins of the Issuer and its current corporate structure can be traced back to the 1960's. "*Istituto di Credito delle Casse Rurali e Artigiane*" abbreviated "ICCREA" (Credit Institution of Rural and Artisan Banks) (the "**Credit Institution**") was incorporated on 30 November 1963, with approximately 190 rural banks signing its charter.

In the early years of its business activities, the Credit Institution provided services to a growing number of banks. During the early 1970's the number of client banks and rural banks to which the Credit Institution was providing services continued to expand, resulting in the establishment of separate departments providing banking services in order better to serve the companies within the group.

In 1975, the *Fondo Centrale di Garanzia* was also established. This was one of the first examples in Italy of a funding system providing key financial and credit services to a network of banking institutions.

Twenty years after its establishment, and following high growth in the agricultural banking system, the role of the Credit Institution became increasingly important.

In 1985, the *Sezione Speciale per il Credito alla Cooperazione* at BNL (the department of Banca Nazionale del Lavoro specialising in lending to rural business cooperatives) authorised the Credit Institution to provide finance to rural banks which then enabled them to grant loans to various cooperatives.

In the same year, the Credit Institution increased its share capital to 80 billion Italian liras and established a company named "Coogestioni" (now Fondo Aureo) to manage mutual funds which came on to the market launching the fund named "Aureo".

In 1992, the Credit Institution became a member of the UNICO Banking Group, a partnership of European co-operative banks founded in 1977, which resulted in an expansion of its presence in the European market.

In 1995, the Issuer was established, and the banking activities of the Credit Institution were transferred to the Issuer.

On 1 July 1995, the Issuer became an official member of the UNICO Banking Group.

In 1997, the Issuer joined the newly-established *Fondo di Garanzia dei Depositanti del Credito Cooperativo*, and a year later it became active in a number of the divisions of the Milan stock exchange (including shares, bonds and derivatives). Ultimately the Issuer became a primary dealer on the wholesale market for Government bonds.

On 29 July 1999, by an extraordinary resolution of the shareholders, the name of Iccrea S.p.A. was changed to "ICCREA BANCA – *Istituto Centrale del Credito Cooperativo* – joint-stock company" with effect from 1 January 2000.

In 2000, the Issuer launched a complex and strategic reorganisation of its banking businesses/operations with the aim of bringing the Issuer closer to the credit cooperative banks and their markets. The Issuer's share capital was 420 billion Italian liras and, on 22 September 2000 the board of directors agreed to its conversion to Euro 216,913,200.

Recent events

Pursuant to the BCC Reform Law, cooperative credit banks (*banche di credito cooperative*) can join a cooperative banking group (*gruppo bancario cooperativo*) as long as the group head company (*capogruppo* for the purposes of the BCC Reform Law) is a public limited company with assets of no less than Euro 1 billion. Under the BCC Reform Law, the group head company is required to perform certain management and coordination activities pursuant to a cohesion contract (*contratto di coesione*) that is entered into between the members of the relevant banking group. Adherence to such a cooperative banking group and the entering into a cohesion contract with the group head are pre-conditions for obtaining authorisation, from the Bank of Italy, for a bank to operate banking activities in the form of a cooperative credit bank.

In line with the BCC Reform Law described above, on 1 June 2016, the Bank of Italy authorised the reverse merger of Iccrea Banca S.p.A. and Iccrea Holding S.p.A pursuant to Article 57 of Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented ("**TUB**"). The merger took place in Rome with the signing of a deed of merger between the two companies, and became effective from 1 October 2016 (1 January 2016, for accounting purposes).

As a result of the merger, the Issuer became the parent company of the Iccrea banking group (in line with European practices relating to banking groups monitored by the European Central Bank (the "**ECB**")), replacing Iccrea Holding S.p.A., by universal succession, in all its roles including as a member of the UNICO Banking Group.

On 27 April 2018, the Issuer's board of directors resolved to assume the role of group head company (*capogruppo*) of the Iccrea cooperative banking group, and sent to the ECB and the Bank of Italy its request to establish the Group comprising, at such date, 142 BCCs.

The establishment of the Group was authorised by the ECB on 24 July 2018.

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

On 4 March 2019 the ECB gave final approval to the establishment of the Group (comprising, at such date, 142 BCCs), which was then formally registered in the Italian register of banking groups (*Albo dei Gruppi Bancari*) by the Bank of Italy.

Since such approval date, there have been two BCC mergers (Banca di Credito Cooperativo di Gradara S.C. with RiminiBanca Credito Cooperativo di Rimini e Valmarecchia S.C. on 26 March 2019, and BCC di Serino with BCC di Capaccio Paestum on 25 March 2019), so that on the date of this Base Prospectus, the total number of BCCs is 140.

The Cohesion Contract

In January 2019, the Issuer and the BCCs entered into a cohesion contract (the "**Cohesion Contract**") in accordance with the BCC Reform Law.

Pursuant to the Cohesion Contract each BCC accepts to be subject to the Issuer's management and coordination in accordance with the terms set out therein.

Amongst other things, the Cohesion Contract sets out the Group's corporate governance and administrative rules, so as to allow the Issuer to issue strategic guidelines and ensure that the Group's operational objectives are set and subsequently followed.

More specifically, the Cohesion Contract:

- a) regulates the Issuer's powers of appointment and dismissal of the members of the individual BCC's administrative bodies pursuant to the principle that the shareholders' meetings may approve such matters unless the persons proposed for such offices are deemed by the Issuer to be:
 - not adequate with respect to the Group's governance needs or the effectiveness of the management and coordination of the Issuer, or
 - unsuitable with respect to ensuring a sound and prudent management of the individual BCC, having regard to, in particular, already demonstrated skills and results achieved as a company representative.

In such cases, on the basis of reasonably justified considerations, the Issuer can exercise powers of direct appointment and dismissal; and

- b) describes the Issuer's supervisory functions in respect of the risk appetite framework, individual BCCs' internal controls and outsourcing of the Group functions.

Moreover, to ensure operational continuity of the Group's strategic, managerial and technical-operational oversight and the management equilibrium of individual BCCs, the Cohesion Contract gives the Issuer powers to set (and then monitor) strategies, policies and principles of evaluation and measurement of Group risks.

To this end, the Cohesion Contract envisages that it is the Issuer that sets (at group level) individual BCC's policies relating to its exposure to financial risks (including equity and real estate investment decisions), the granting of credit and the management of conflicts of interest.

Supervisory and intervention activities

As well as regulating the Issuer's general framework of oversight and powers of intervention, the Cohesion Contract defines a whole series of prevention (and where necessary correction) measures. These include, amongst others, the ability to intervene regarding an individual BCC's liquidity and risk profile, its disposal of participatory and real estate investments and distribution of dividends.

Compliance with prudential and reporting requirements

The Cohesion Contract gives the Issuer powers to issue individual BCCs with binding prudential and reporting requirements. It also gives the Issuer sole responsibility for setting regulatory risks measurement methodologies.

Strategic operations

The Cohesion Contract gives the Issuer powers to approve individual BCC's strategically important operations, which could include asset acquisitions and disposals, the opening of new branches (both in Italy and abroad) and the provisions of services at an international level.

Cross Guarantee Scheme

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

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

the individual BCCs and the Issuer participate with the necessary funds, the amount of which, in the case of the BCCs is represented by a pre-established quota agreed with the Issuer plus a quota that can be called by the Issuer on demand if needed. This Cross Guarantee Scheme mechanism is an integral part of any such cohesion contract, so its provision is an unavoidable condition. Prospective Noteholders should be aware, therefore, of the risk that the Cross Guarantee Scheme could place an obligation on the Issuer to commit, if necessary, its own assets to provide the financial support necessary to ensure the performance of the cross-guarantee obligations.

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

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

Shareholdings in the Issuer

As at the date of this Base Prospectus, shares in the Issuer are held by approximately 256 shareholders. The table below shows the shareholdings in excess of 2 per cent. of the entire share capital.

| Shareholders of Iccrea Banca | % of share capital held |
|--|-------------------------|
| BCC DI ROMA SCARL | 4.947 |
| CASSA CENTRALE BANCA DEL NORD-EST SCARL | 2.778 |
| BANCA DI CREDITO COOPERATIVO DI MILANO | 2.710 |
| EMIL BANCA | 2.623 |
| CREDITO COOPERATIVO CREDITO COOPERATIVO RAVENNATE, FORLIVese E IMOLESE | 2.622 |
| BCC ALBA, LANGHE, ROERO E DEL CANAVESE | 2.407 |
| C.R.A. DI CANTÚ SCARL | 2.225 |

The Group's internal structure

A diagram setting out the structure of the Group as at the date of this Base Prospectus is set out below.



Strategy

In order to assess the management prospects of the Issuer, it is useful to refer to the current strategic guidelines and objectives defined by the Issuer for the three-year period from 2017 - 2019 (the "**Plan**").

The Plan has been defined by the Issuer to allow it to support the BCCs through the offer of specific products and services, as set out below, taking into consideration legislative requirements contained in the BCC Reform Law.

The offer of products and services concerns:

- specialised loan products (e.g. leasing, extraordinary finance products, foreign, factoring, hire and debt collection);
- specific products and services (e.g. payment systems, payment cards, finance, equity intermediation);
- support finance products (e.g. ordinary credit, consumer credit and residential mortgages);
- financial and insurance products; and
- administrative services.

The key objectives of the Plan provide for:

- a focus on providing support to the BCCs in the development of their market of reference through the exploitation of market share established by the BCCs and by their "elective" customers both current and potential (expansion of the customer base on their territories) and increased customer loyalty;
- the full application of the new service model (from supplier to partner) through the capacity of the Issuer to make its products/services/expertise available directly to the individual BCC branch (i.e. integration of the Issuer in the distribution chain of the BCCs) and achievement of greater penetration with the customers of the Group offer (including cross-selling between companies of the Group). In this context the Issuer will also continue to review its service model in its role as group head (*capogruppo*) of the Group, towards a consolidation of its role as a lasting, permanent partner and away from the old concept of "product factory";
- capital adequacy, supervision of liquidity in line with the service role held by the Group, and joint management of the risks;
- containment of the costs through the implementation of economies of scale, rationalisation and simplification of the organisational and company structure; and
- conclusion of partnerships.

In addition, as part of the Plan, the Issuer has prioritised the completion or consolidation of ongoing initiatives and is focusing on a list of new projects selected in accordance with the BCC Reform Law.

Overview of business activities

The Issuer's corporate purpose is to: "*...render the activity of Cooperative Credit Banks (Banche di Credito Cooperativo, BCCs) / Rural and Artisan Banks (Casse Rurali e Artigiane, CRAs) more comprehensive, strong and effective... supporting and enhancing the action of BCCs/CRAs through the performance of credit, technical intermediation and financial assistance functions...*" (articles 1.3 and 4.1(g) of the Issuer's by-laws).

The Issuer's primary purpose is to support and strengthen the banking businesses of the BCCs through all forms of lending, the delivery of technical and financial assistance in accordance with the procedures set out in the relevant bank's by-laws and through other initiatives aimed at facilitating the interests of the BCCs.

The BCCs are local and rural banks that provide banking services in a defined and limited geographical area, and mainly to their shareholders.

As set out in articles 1.3 and 4.1(g) of the Issuer's by-laws, the corporate purpose of the Issuer includes the collection of savings, lending and factoring. The Issuer may carry out, subject to and in compliance with applicable banking regulations, financial transactions and services, as well as any transaction which may be instrumental to, or related to, the fulfilment of its corporate purpose.

The Issuer may, subject to and in accordance with existing laws and regulations, issue bonds, hold equity interests in other companies (including majority interest holdings in companies which carry out business activities) provided that these contribute towards the fulfilment of the Issuer's corporate purpose.

The Issuer prepares a regular management report, in accordance with a specific "data model", reporting on the results obtained by the individual business areas into which the Issuer's activities are subdivided.

BUSINESS AREAS

The individual business areas of the Issuer are the following:

1. Finance and Credit;
2. Payment Systems; and
3. Corporate Centre.

This break-down reflects the operating responsibilities based on the Issuer's organisational structure; the business areas are made up of an aggregation of units and business lines which have similar characteristics with regard to the type of products and services provided and regulatory requirements with which the Issuer needs to comply in conducting its business.

Finance and Credit

The following table sets out a summary of the financial highlights of the Issuer' income statement for the six-month period ended 30 June 2018, and for the years ended 31 December 2017 and 31 December 2016, divided by business area.

| Item/Business area | Finance and Credit | | | Payment Services | | | Corporate Centre | | | Aggregate | | |
|---|------------------------------|---------------------------|----------------|------------------------------|---------------------------|----------------|------------------------------|---------------------------|---------------|------------------------------|---------------------------|----------------|
| | 1 st half 2018 | Year ended 31 December | | 1 st half 2018 | Year ended 31 December | | 1 st half 2018 | Year ended 31 December | | 1 st half 2018 | Year ended 31 December | |
| | | 2017 | 2016 | | 2017 | 2016 | | 2017 | 2016 | | 2017 | 2016 |
| Thousands of Euro | | | | | | | | | | | | |
| Net interest income ⁽¹⁾ | 30,019 | 30,937 | 52,134 | (560) | (733) | (517) | (3,389) | 7,378 | (1,394) | 26,070 | 37,582 | 50,222 |
| Net income from services ⁽²⁾ | (47,593) | 37,866 | 57,705 | 62,786 | 118,301 | 120,085 | 49,697 | 105,022 | 98,649 | 79,176 | 289,553 | 276,439 |
| Total revenue⁽³⁾ | (17,574) | 68,803 | 109,839 | 62,226 | 117,568 | 119,568 | 46,308 | 112,400 | 97,255 | 105,246 | 327,135 | 326,661 |

| | | | | | | | | | | | | |
|--|-----------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|
| Administrative expenses ⁽⁴⁾ | 47,609 | 61,022 | 43,557 | 51,007 | 100,559 | 113,370 | 62,897 | 110,867 | 146,955 | 161,513 | 272,448 | 303,882 |
| Net adjustment of property and equipment and intangible assets | 914 | 264 | 2,687 | 1,187 | 12,313 | 3,562 | 1,262 | 15,787 | 2,402 | 3,363 | 8,960 | 8,651 |
| Total operating costs⁽⁵⁾ | 48,420 | 63,713 | 46,243 | 46,988 | 116,448 | 116,932 | 55,182 | 129,611 | 149,357 | 164,876 | 281,408 | 312,532 |
| Gross operating profit/(Loss)⁽⁶⁾ | (65,994) | 5,618 | 63,595 | 15,238 | 25,746 | 2,636 | (8,874) | 14,362 | (52,103) | (59,630) | 42,644 | 12,169 |

- (1) Net Interest Income means the sum of the following items: Net interest income (Income Statement Item 30) and Profit (Loss) after tax on non-current assets in the process of being sold off (Income Statement Item 280).
- (2) Net Income From Services means the sum of the following items: Net Fees and Commission income (Income Statement Item 60), Dividends and similar income (Income Statement Item 70), Net Gain (loss) on trading activities (Income Statement Item 80), Net Gain (Loss) on the hedging activities (Income Statement Item 90), Net Gain (Loss) on the disposal or repurchase (Income Statement Item 100), Net Gain (Loss) on financial assets and liabilities designated at fair value through profit or loss (Income Statement Item 110) and Other operating income/expenses (Income Statement Item 190).
- (3) Total revenue means the aggregate of net interest income and net income from services.
- (4) Administrative expenses means the Income Statement item 150 which include the personnel expenses and the other administrative expense.
- (5) Total operating costs means the sum of the following items: Administrative expenses (Income Statement Item 150), Net adjustment of property and equipment (Income Statement Item 170) and Net adjustment of intangible assets (Income Statement Item 180).
- (6) Gross operating profit/(Loss) means the item 250 of the Income Statement "Profit (loss) before tax on continuing operations" net of item 130 of the Income Statement "Net losses/recoveries on impairment" and of item 160 of the Income Statement "Net provisions for risks and charges".

The following table sets out a summary of the financial highlights of the Issuer's balance sheet as at 30 June 2018, 31 December 2017 and 31 December 2016, divided by business area. In particular, the table shows the main balance sheet aggregates relating to the utilisation of and deposits made by customers and banks. The balance sheet values are those as at the end of the period. Liabilities include capital, reserves and the period result.

| Item/Business area | Finance and Credit | | | Payment Services | | | Corporate Centre | | | Aggregate | | |
|---|--------------------|-------------------|---------------|------------------|-------------------|------------|------------------|-------------------|--------------|---------------|-------------------|---------------|
| | As at 30 June | As at 31 December | | As at 30 June | As at 31 December | | As at 30 June | As at 31 December | | As at 30 June | As at 31 December | |
| | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| Millions of Euro | | | | | | | | | | | | |
| Loans to customers | 15,211 | 5,985 | 4,182 | 0 | 0 | 0 | 73 | 98 | 98 | 15,284 | 6,083 | 4,280 |
| Due from banks | 24,593 | 24,561 | 30,999 | 0 | 0 | 0 | 0 | 0 | 0 | 24,593 | 24,561 | 30,999 |
| Financial assets and equity investments | 1,443 | 3,375 | 7,221 | 28 | 33 | 26 | 1,532 | 1,966 | 1,870 | 3,003 | 5,374 | 9,117 |
| Total assets | 41,247 | 33,921 | 42,402 | 28 | 33 | 26 | 1,605 | 2,064 | 1,968 | 42,880 | 36,018 | 44,396 |
| Due to customers | 15,344 | 7,717 | 23,798 | 456 | 507 | 630 | 11 | 20 | 16 | 15,811 | 8,244 | 24,444 |
| Due to banks | 19,528 | 19,401 | 13,265 | 0 | 0 | 0 | 0 | 0 | 0 | 19,528 | 19,401 | 13,265 |
| Other financial liabilities | 5,776 | 6,588 | 4,787 | 0 | 0 | 0 | 1,765 | 1,785 | 1,900 | 7,541 | 8,373 | 6,687 |
| Total Liabilities | 40,648 | 33,706 | 41,850 | 456 | 507 | 630 | 1,776 | 1,805 | 1,916 | 42,880 | 36,018 | 44,396 |

Business Units

The Issuer's activities are also divided into business units which comprise (i) activities that the Issuer carries out on its own account and (ii) services that it provides to BCCs in accordance with its corporate purpose.

The individual business units of the Issuer are the following:

1. Chief Financial Officer Area ("**CFO Area**" or "**Finance Area**") which is divided into the following organisational units:
 - (A) Capital Markets Organisational Unit
 - (B) Treasury Organisational Unit
 - (C) Legal Finance & Advisory Organisational Unit
 - (D) Middle Office Organisational Unit
 - (E) Financial Analyses and Solutions Organisational Unit
 - (F) Balance Sheet Management Organisational Unit
2. Chief Lending Officer Area ("**CLO Area**")
3. Chief Operating Officer Area ("**COO Area**") which is divided into the following organisational units:
 - (A) Collection and Payments Organisational Unit
 - (B) Institutional Services Organisational Unit
4. Chief Compliance Officer Area ("**CCO Area**")

Descriptions of Business Units and Organisational Units

The following is a description of each business unit, summarising the scope of its activities together with, each organisational unit within such business unit.

1. Chief Financial Officer Area (the "**CFO Area**")

The CFO Area is responsible for the correct management of the financial business of the Group. This involves proposing investment strategies, and guaranteeing financial stability through liquidity/funding management and the control of risk.

This area coordinates the implementation of guidelines and policies on management planning and supervision, and checks to ensure that these are adopted correctly. It is responsible for the prompt and correct presentation of the Issuer's economic and financial results (at both individual and consolidated levels) and for the completion of the related accounting, supervision and tax formalities. The CFO Area is also responsible for relations with investors and rating agencies.

Capital Markets

The Capital Markets Organisational Unit operates on the financial markets and guarantees access to markets. Within this context, it performs certain functions, including the following:

- a) manages the securities, trading and banking book portfolios of the Issuer and members of the Group that entrust the Issuer with the management of their securities portfolios;

- b) operates as market maker for the main transactions subject to negotiation, and is responsible for the bidding processes for government and corporate securities;
- c) manages the interest rate risk of the Issuer and the Group, as well as the market and financial risks to which the various portfolios are subject to;
- d) coordinates the provision of investment services to the clientele (negotiations on the Issuer's own account, execution of orders on behalf of customers, and the placement, receipt and transmission of orders);
- e) structures financial products in accordance with the requirements of the Group and BCC clientele in line with the instructions received from the Treasury Organisational Unit ("**Treasury**");
- f) provides support to Treasury, and supervises the medium to long term liability structuring operations for the Issuer on the debt capital markets;
- g) draws up reports and analyses of financial information on market trends and forecasts of the main macroeconomic aggregates; and
- h) defines the policies and operating guidelines on market, financial and interest rate risks on behalf of the Issuer and the Group.

Treasury

The Treasury operates within the monetary, foreign exchange and precious metals markets to ensure the efficient implementation of the instructions received from the Group companies, the BCCs and other customers, monitors the short and medium to long term funding requirements and related risks (interest and exchange rates and liquidity) on behalf of the Issuer and the Group and ensures an optimum level of structural liquidity in normal business conditions and in stress and crisis situations.

Within that context, it carries out certain activities including the following:

- a) the correct implementation and running of the monetary policy with the ECB, and the operations on the monetary and collateralised markets and short term interest rate derivatives markets, with the management of the positions within the operating limits assigned;
- b) the management of the liquidity positions, with support for the units responsible for the origination of structured finance instruments (securitisation and covered bonds);
- c) the management of the interest rate risk to which the Issuer and the Group are subject, by means of market transactions and through modifications to the payable and receivable interest rate structures for the portfolios for which it is responsible;
- d) the management of the liquidity risk on behalf of the Issuer and the Group;
- e) the coordination of negotiating services on its own account of interest-rate derivatives in foreign currency and foreign exchange derivatives;

- f) the management and development of the treasury processes linked to settlement systems (Target 2 and ancillary systems, T2S, CLS, BICOMP, EBA etc.), collateral and corresponding accounts, in order to guarantee and optimise the availability of cash and collateral at Issuer and group level; and
- g) the definition of policies and operating guidelines on market, financial and interest rate risks on behalf of the Issuer and the Group.

Legal Finance & Advisory

The Legal Finance & Advisory Organisational Unit operates with the support of other relevant organisational units to carry out the activities necessary for the achievement of business objectives, such as:

- negotiating agreements, drafting offer documents, feasibility studies and legal opinions;
- dealing with preliminary procedures involving Italian and international supervisory bodies;
- advising the Issuer in structured finance transactions (securitisation of performing and non-performing loans and covered bond programmes);
- acting as arranger or co-arranger in new and ongoing activities (including being responsible for the operations relating to the assignment of non-performing loan portfolios);
- monitoring the regulations applicable to the operations of the Finance Area, in relation to which it recommends upgrading actions on the basis of its analysis of the impact of Italian and international regulations, acting in coordination with the compliance team;
- coordinating the drafting of legal, tax and accounting opinions on finance transactions, as and when these are required;
- supporting other Organisational Units in their interactions with official bodies, authorities, agencies and associations;
- enabling Organisational Units within the Finance Area to take part in the working parties set up by trade associations, acting in coordination with the Chief Compliance Officer Area;
- providing the Chief Compliance Officer Area with support for the presentation of amendments and/or additions to regulations subject to consultations or those that are in the process of implementation to the relevant authorities, either directly or through the trade associations; and
- Supporting the Organisational Units within the Finance Area with those regulatory formalities concerning investment services (such as the drafting of and annual checks on execution policies, and the drafting of reports).

Middle Office

Middle Office is responsible for monitoring the activities necessary for the life cycle of the transactions carried out within the finance business units, in respect of the Issuer's own portfolios and those of the BCCs managed by the Issuer.

For that purpose, Middle Office guarantees that each transaction is correctly incorporated into the management systems (providing supporting information for their formalisation), and monitors the normal parameter setting of the position-keeping applications to ensure a correct valuation of the position at the end of the business day.

It is also responsible for monitoring the operating limits assigned to the Organisational Units of the Finance Area in relation to first level controls, the drafting of P&L/Risk reports and the balancing and reconciliation of the market and back office systems.

Financial Analyses and Solutions

The Financial Analyses and Solutions Organisational Unit operates as a skills centre for the Issuer and the Group in relation to the design, development and maintenance of the mathematical and financial models used for fair value (mark to model) calculations, for both management and accounting purposes, for all the financial instruments (securities and derivatives) and receivables (subject to approval by credit risk management).

The modelling and quantitative analysis operations carried out extend to the design and development of quantitative aspects linked to the issue of retail products and checks on the evidence produced by outside supplier calculation engines on IFRS 9 related matters (SPPI and benchmark tests).

This unit also provides the necessary functional support by participating in the development of projects and new initiatives of an applicational nature in respect of evolution-based activities carried out by the Organisational Units of the Finance Area, for which it defines the specifications, carries out the related analyses along with the relevant Organisational Units and ensures the planning and ongoing coordination of the operations between the Finance Area and ICT.

It also sets up the front-office and position keeping systems (static and market data) and updates them on the basis of specific user requests in accordance with company policies (with particular reference to regulatory requirements and/or new regulations), carries out functional and patch testing and application upgrades (with the involvement of outside parties, where applicable), and provides support for the implementation of prototypes of the planned pricing models.

Balance Sheet Management

The Balance Sheet Management Organisational Unit contributes to the medium to long-term financial planning of the Issuer and the Group, by means of proposals and analyses.

Bearing in mind that it is autonomous of and segregated from the organisational units responsible for the business activities, Balance Sheet Management provides investment consultancy services for single operators including, more specifically, the Depositors' Guarantee Fund of Cooperative Credit Banks (*Fondo di Garanzia dei Depositanti del Credito Cooperativo*).

2. Chief Lending Officer Area (the "CLO Area")

The CLO Area is responsible for monitoring all aspects of loans on behalf of the Issuer and the Group, from the granting stage to the management of non-performing loans. It also:

- carries out the direction and coordinating activities with the BCCs;
- monitors credit quality and defining the loan policies and ensuring their correct implementation;
- issues guidelines on the taking on and management of credit risks, in line with the strategies and objectives defined (also monitoring the completion of credit and administrative formalities on non-performing portfolios);
- as a member of the Issuer's credit committee, provides assistance in drawing up credit opinions for the other members of the Group for transactions subject to high levels of risk;
- (acting through its organisational structures) validates the proposals for the conferral of and changes to the delegations of powers on loan-related matters in respect of the Issuer and the Group;
- (acting in cooperation with Human Resources in relation to the overall coordination and running of the Group training system) plans and carries out the training operations for its own area of specialisation and responsibility;
- supervises and coordinates all stages in the loan process on behalf of the Group (granting, management, guarantee control, monitoring, classification, valuation and debt collection);
- ensures that the guidelines and instructions on loan-related matters are kept updated at all times, on behalf of the members of the Group;
- monitors and guides the planning processes for innovations or upgrades to the existing loan granting procedures;
- (acting in cooperation with the relevant CFO Area structures) coordinates the corrective actions required by the supervisory authorities, senior management bodies and company control functions on loan-related matters;
- provides support for the relevant CFO Area structures in the definition and development of loan products;
- contributes to the definition of the strategic plans on loan-related matters;
- draws up and submits credit opinions on loan transactions in respect of the performing and non-performing portfolios on behalf of the members of the Group, or presents these to the Issuer's credit committee in accordance with the provisions and limits laid down in the relevant credit policies;
- resolves on loan transactions in line with the powers delegated to and conferred upon it; and

- presents proposals for resolutions to the decision-making bodies of the Issuer on transactions relating to its performing and non-performing portfolios (such as transfers of status, value and restructuring adjustments and bad credit write-offs) for which it has no autonomous decision-making powers.

3. Chief Operating Officer Area (the "COO Area")

The COO Area comprises the Collection and Payments Organisational Unit and the Institutional Services Organisational Unit.

Payment Systems

Collection and Payments Organisational Unit

This unit is responsible for coordinating the supply of collection and payment services on the domestic and international circuits (including the clearing of cheques and drafts, electronic collection, SEPA credit transfers, and SEPA direct debits) on behalf of intermediate banks and branches, and for guaranteeing the correct completion of the formalities on regulatory custody and electronic billing, cash custody and management, cash and securities held directly or in administration, and bankers' drafts (reimbursement, issue, liquidation and related administrative formalities).

It coordinates the analysis, evolution and planning of collection and payment services in accordance with the applicable regulation and in line with developments in European and international payment systems. For that purpose, it handles relations with ABI, the Bank of Italy, CBI, AgID, the European Payments Council, INPS and all the other interbank assemblies in which it is obliged to take part from time to time and manages payment system governance processes.

In that context, it acts as an intermediary between the system adopted by the banks on whose behalf it acts and the bodies listed above, with a view to orienting the decisions taken on positions relating to company and group interests, and presents its positions during public consultation initiatives on the part of the Italian authorities and Club EUROPA (the European Banking Authority, European Commission, ECB, BIS, etc).

It contributes to the analysis and drafting of reports on cost and revenue aggregates (drafting of budgets and final statements and segment trend studies), control operations (accounting checks on fees linked to the intermediary service, procedural testing), and support for cooperative banks, customers and other organisational units (including opinions, drafting of circulars and news releases, relations with other group structures on commercial, applications and contractual aspects, taking part in training events on matters of interest to the cooperative banks).

Acting in agreement with the relevant organisational units of the Issuer, it supervises the subordinate units, with particular reference to:

- the management of outsourcing agreements on the services for which it is responsible;
- the company regulations on money laundering and the financing of terrorism; and

- the coordination of the regulatory custody service, electronic billing and the administrative management of remote signatures.

It carries out the payment management activities for the defined and approved projects falling within its area of responsibility, with a view to ensuring the successful outcome of the initiatives relating to its own business. For that purpose, it confers mandates upon its own personnel and those of the subordinate units to enable them to carry out the necessary formalities as laid down in the specific regulations.

Corporate Centre

Institutional Services

As the COO Area manages the introduction of innovative techniques within group operations (back office, for example) and, where applicable, RPA, blockchains and lean design, making use of such levers as insourcing, outsourcing and partnerships, Institutional Services is responsible for the coordination and development of the post-trading activities linked to the Finance Area, with particular reference to internal portfolio management, investment services and related activities supplied to customers under the terms of the Legislative Decree no. 58 of 24 February 1998 (the "TUF").

It is responsible for the tax formalities linked to the management of financial instruments, including those falling within the area of responsibility of the *QI Responsible Officer*, in relation to which it performs certain functions including the following:

- a) coordination of the activities linked to the ancillary custody and administration of financial instruments' service under the terms of the TUF, as well as additional offsetting and settlement activities both internally and for the customers of the Bank (settlement agent services);
- b) internal and outside customer service activities, mainly relating to regulatory analyses and reporting on transactions in financial instruments and payment agent activities;
- c) coordination of the Finance Area ID records management (securities, issues, counterparties, customers, etc); and
- d) handling of the reference information and documentation on the former custodian bank activities which were transferred in 2014, including the filing of such materials and storage for purposes of consultation and checking at the request of outside parties.

Institutional Services consists of the three functions described below.

(A) Clearing and Settlement Services

Clearing and Settlement Services is responsible for the post-trading activities on securities, derivatives and treasury linked to the front office operations of the Finance Area (in respect of proprietary requirements and investment services or activities offered to customers). It carries out activities related to the financial instrument custody service and additional back office activities on behalf of bank customers for transactions carried out with outside counterparties (such as settlement agent activities).

It is also responsible for setting up and/or reviewing guarantees with the Bank of Italy or the clearing systems with which the Issuer operates, in relation to the activities falling within its area of responsibility and in agreement with the relevant structures of the Issuer.

It maintains administrative relations with the outside companies supplying clearing, custody and settlement services for financial instruments.

(B) Finance Records and Regulatory Reporting

Finance Records and Regulatory Reporting is responsible for the correct execution of internal and outside customer services relating to the regulatory analysis and reporting of transactions carried out on financial instruments, the pricing activities of BCC bond loans, the administrative formalities linked to the HiMTF listing of bond loans of the issuing bank clientele, as well as the management of the Finance Area ID record files.

(C) Asset Services

Asset Services is responsible for the management and administration of financial instruments on behalf of the Group and its customers and the related Italian and foreign tax aspects, including payments of Italian tax deductions on the management of securities deposits, those relating to the US tax system included, and the related support activities under the responsibility of the *QI Responsible Officer*. It performs the roles referred to in the "Collective Asset Management Regulations", as defined in specific agreements with foreign Collective Investment Undertakings, in respect of the Italian offer for parts of such undertakings (the Payment Agent, for example). It also acts as an intermediary for fund orders and the related accounting entries (so-called Agent Bank service).

Financial Information

Deposits

The Issuer's deposits primarily consist of interbank deposits. As at 30 June 2018, interbank deposits amounted to Euro 19,528 million with an increase of 0.7 per cent. as at 31 December 2017 (an increase of Euro 0.127 million); within the inter-bank deposits of this aggregate, cooperative banks and rural banks deposits increased by 3.7 per cent. (from Euro 4,589.6 million as at 31 December 2017 to Euro 4,757.3 million as at 30 June 2018) with a decrease of 0.3per cent. in due to other banks (from Euro 14,811.9 million as at 31 December 2017 to Euro 14,770.9 million as at 30 June 2018). In the first half of 2018, funding from ordinary customers increased (Euro 15,811 million as at 30 June 2018 compared to Euro 8,243 million as at 31 December 2017).

The following tables show the aggregate and breakdown of amounts due to banks as at 30 June 2018 and 31 December 2017:

| DUE TO BANKS | As at | As at | Change | Change |
|-----------------------------------|--------------------------|-------------------------|----------------|---------------|
| | 30 June 2018 | 31 December 2017 | | |
| | <i>Thousands of Euro</i> | | <i>%</i> | |
| Cooperative banks and rural banks | 4,757,314 | 4,589,629 | 167,685 | 3.7% |
| Other Credit institution | 14,770,964 | 14,811,891 | -40,927 | -0.3% |
| TOTAL | 19,528,278 | 19,401,520 | 126,758 | 0.7% |

| BREAKDOWN OF AMOUNTS DUE TO BANKS | As at 30 June 2018 | As at 31 December 2017 | Change | Change |
|--|-------------------------------|-----------------------------------|----------------|---------------|
| | <i>Thousands of Euro</i> | | <i>%</i> | |
| Due to central banks | 13,794,065 | 13,836,426 | -42,361 | -0.3% |
| Current accounts and demand deposits | 2,812,118 | 2,573,680 | 238,438 | 9.3% |
| Fixed-term deposits | 2,876,935 | 2,620,224 | 256,711 | 9.8% |
| Loans | 43,249 | 370,153 | -326,904 | -88.3% |
| Other payables | 1,910 | 1,037 | 873 | 84.2% |
| Total amounts due to banks | 19,528,277 | 19,401,520 | 126,757 | 0.7% |

The following table shows the breakdown of amounts due to customers as at 30 June 2018 and 31 December 2017:

| BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS | As at 30 June 2018 | As at 31 December 2017 | Change | Change |
|--|-------------------------------|-----------------------------------|------------------|---------------|
| | <i>Thousands of Euro</i> | | <i>%</i> | |
| Current Accounts and demand deposits | 493,733 | 400,771 | 92,962 | 23.2% |
| Fixed-term deposits | 0 | 0 | 0 | 0% |
| Loans | 14,860,607 | 7,334,827 | 7,525,780 | 102.6% |
| Other payables | 456,748 | 507,782 | -51,034 | -10.1% |
| Total amounts due to customers | 15,811,088 | 8,243,380 | 7,567,708 | 92% |

Lending activities

The Issuer's lending activity is primarily with banks (demonstrated by the fact that as at 30 June 2018, the aggregate of loans to banks was Euro 24,591.3 million, whereas, as at such date, the aggregate of loans to customers was Euro 15,211.1 million*). Within the aggregate of amounts due from banks (Euro 24,591.3 million as at 30 June 2018), those due from cooperative banks and rural banks increased by 3 per cent. during the first half of 2018 (from Euro 16,069.6 million as at 31 December 2017 to Euro 16,618.9 million as at 30 June 2018) while the receivables from other credit institutions decreased by 6 per cent. (from Euro 8,491.2 million as at 31 December 2017 to Euro 7,972.3 million as at 30 June 2018).

The following table shows the aggregate and breakdown of amounts due from banks as at 30 June 2018 and 31 December 2017:

| DUE FROM BANKS | As at 30 June 2018 | As at 31 December 2017 | Change | Change |
|---------------------------|-------------------------------|-----------------------------------|---------------|---------------|
| | <i>Thousands of Euro</i> | | <i>%</i> | |
| Mutual banks | 16,618,986 | 16,069,582 | 549,404 | 3% |
| Other credit institutions | 7,972,340 | 8,491,175 | -518,835 | -6% |
| Total | 24,591,326 | 24,560,757 | 30,569 | 0% |

The following table shows the breakdown of amounts due from banks as at 30 June 2018 and 31 December 2017:

| BREAKDOWN OF AMOUNTS DUE FROM BANKS | As at 30 June 2018 | As at 31 December 2017 | Change | Change |
|---|-----------------------|---------------------------|----------------|--------------|
| | Thousands of Euro | | % | |
| Due from Central Banks: - Obligatory Reserve | 446,097 | 976,297 | -530,200 | -54.3% |
| Due from Banks | 24,145,229 | 23,584,459 | 560,770 | 2.38% |
| - Current accounts and demand deposits | 567,815 | 665,273 | -97,458 | -14.65% |
| - Time deposits | 75,301 | 93,347 | -18,046 | -19.3% |
| - Other | 18,886,362 | 18,469,749 | 416,613 | 2.26% |
| - Debt securities | 4,615,751 | 4,356,090 | 259,661 | 5.96% |
| Total Due from Banks | 24,591,326 | 24,560,756 | 30,570 | 0.12% |

The following table shows the breakdown of loans to customers as at 30 June 2018 and 31 December 2017:

| BREAKDOWN OF LOANS TO CUSTOMERS | As at 30 June 2018 | As at 31 December 2017 | Change | Change |
|------------------------------------|-----------------------|---------------------------|------------|-------------|
| | Thousands of Euro | | % | |
| Current accounts | 132,141 | 121,404 | 10,737 | 9% |
| Medium/long-term loans | 88,986 | 95,887 | -6,901 | -7% |
| Repurchase agreements | 1,630,894 | 3,116,755 | -1,485,861 | -48% |
| Other transactions | 2,514,516 | 2,624,063 | -109,547 | -4% |
| Debt securities | 10,829,084 | 8,966 | (*) | (*)% |
| Impaired assets | 15,440 | 18,163 | -2,723 | -15% |
| Total loans to customers | 15,211,061 | 5,985,238 | (*) | (*)% |

(*) Following the entry into force of the new accounting principle IFRS9 - Financial Instruments - the data referring to 30 June 2018 is not comparable with the data referring to different periods as they derive from the application of different accounting standards.

Balance Sheet and Income Statement (Aggregated)

The following tables contain certain aggregated financial information as at 31 December 2017 which constitutes the sum of relevant data extracted from the audited consolidated financial statements of the Issuer (comprising the Iccrea banking group as it was at such date) together with the same data extracted in relation to the BCCs as at the same date, but without intercompany eliminations. The financial information used to compile such tables was audited by different accounting firms and the tables themselves have not been audited.

Balance Sheet

| ASSETS | TOTAL (EURO) |
|---------------------------------------|---------------|
| Cash and cash equivalents | 1,136,572,047 |
| Financial assets held for trading | 477,896,145 |
| Financial assets valued at fair value | 139,357,109 |

| ASSETS | TOTAL (EURO) |
|--|------------------------|
| Financial assets available for sale | 42,415,032,991 |
| Financial assets held with maturity | 2,729,265,102 |
| Due from banks | 25,934,194,552 |
| Due from customers | 87,450,513,619 |
| Hedging derivatives | 31,905,217 |
| Value adjustment of financial assets subject to macro-hedging(+/-) | 17,997,356 |
| Investments | 165,060,785 |
| Reinsurers' share of technical provisions | - |
| Property, plant and equipment | 2,503,423,683 |
| Intangible assets | 125,680,802 |
| Tax assets | 2,259,155,299 |
| Non-current assets and discontinued operations | 259,882,503 |
| Other assets | 1,785,722,936 |
| TOTAL ASSETS | 167,431,660,146 |

| LIABILITIES | TOTAL (EURO) |
|---|---------------------|
| Due to banks | 39,593,646,112 |
| Due to customers | 87,390,002,679 |
| Outstanding securities | 24,132,626,763 |
| Financial liabilities held for trading | 359,930,980 |
| Financial liabilities valued at fair value | 73,864,973 |
| Hedging derivatives | 123,311,618 |
| Value adjustment of financial liabilities subject to macro-hedging(+/-) | - |
| Tax liabilities | 157,646,092 |
| Liabilities associated with discontinued operations | 282,047,467 |
| Other liabilities | 2,384,602,296 |
| Post-employment benefits | 331,577,577 |
| Provisions for risks and charges | 232,837,591 |
| Technical reserves | - |
| Valuation reserves | 250,081,340 |
| Refundable shares | - |
| Capital instruments | 101,001,226 |
| Interim dividends | - |
| Reserves | 9,617,095,856 |
| Share premiums | 147,744,502 |
| Share capital | 2,075,655,727 |
| Treasury shares(-) | - 37,069,301 |

| LIABILITIES | TOTAL (EURO) |
|---|------------------------|
| Shareholders' equity attributable to non-controlling interests(+/-) | 65,422,839 |
| Profit (loss) for the period | 149,633,809 |
| TOTAL LIABILITIES | 167,431,660,146 |

Income Statement

| INCOME STATEMENT | TOTAL |
|---|-----------------|
| Interest and similar income | 3,238,547,703 |
| Interest and similar expenses | - 854,410,366 |
| Net interest income | 2,384,137,335 |
| Commission income | 1,565,368,976 |
| Commission expense | - 485,870,243 |
| Net commissions | 1,079,498,733 |
| Dividends and similar income | 16,097,656 |
| Net result from trading activities | 25,838,160 |
| Net result from hedging activities | - 6,224,698 |
| Profit (loss) from sale or buyback of: | 448,659,787 |
| Net result from financial assets and liabilities valued at fair value | 1,862,323 |
| Intermediation margin | 3,949,869,297 |
| Net impairment losses/reversals on: | - 1,104,331,882 |
| Net profit from financial activities | 2,738,374,804 |
| Net insurance premiums | - |
| Other net insurance income (expense) | - |
| Net result of financial and insurance activities | 588,539,019 |
| Administrative expenses: | - 2,877,438,450 |
| Net allocations to provisions for risks and charges | - 21,218,466 |
| Net impairment losses/reversals on property, plant and equipment | - 120,567,368 |
| Net impairment losses/reversals on intangible assets | - 15,590,602 |
| Other operating income (expense) | 408,102,747 |
| Operating costs | - 2,626,712,137 |
| Income (Loss) on investments | 4,351,666 |
| Net result of tangible and intangible assets valued at fair value | - 22,258,984 |
| Value adjustments on goodwill | - 1,255,508 |
| Gains (Losses) on disposal of investments | 4,326,433 |
| Income (loss) from continuing operations, before taxes | 203,988,885 |
| Income taxes for the period relating to continuing operations | - 48,110,434 |

| INCOME STATEMENT | TOTAL |
|--|--------------|
| Income (loss) from continuing operations, net of tax | 155,878,451 |
| Income (Loss) from discounted operations, net of tax | - 97,936 |
| Income (Loss) for the period | 155,780,515 |
| Income (Loss) for the period attributable to non-controlling interests | - 6,146,701 |
| Income (Loss) for the period attributable to the parent company | 149,633,814 |

Risks and related hedging policies

The Issuer places particular emphasis on its risk protection and control systems. It aims to meet the highest standard of governance in performing its risk and control management functions and to apply well-established risk management practices. Risk management means striving to ensure that the Issuer uses its risk capacity in the most efficient way in relation to the achievement of a stable and sustainable generation of value, protecting financial solidity and allowing for adequate management of portfolios of assets and liabilities.

In accordance with its role of second level bank in the cooperative network in Italy and focusing on its lending activity, the Issuer is specialised in:

- (b) supporting the BCCs in the agricultural sector;
- (c) developing relations with companies, within the BCCs areas, which have a strong international approach;
- (d) being the main key centre for subsidised loans for the BCCs;
- (e) funding the needs of the BCCs by, for example, granting overdrafts, ceilings and maximum operational limits;
- (f) developing, with the cooperative community, loans pooled with the BCCs to the members of *Confcooperative* organisation (the Confederation of Italian Cooperatives); and
- (g) the expansion of business activity with large corporate entities, consistent with the development of relations between these companies, the BCCs and the payment and electronic money services offered by the Issuer.

Credit Risk Management

Monitoring

In order to maintain the quality of its loan portfolio, the Issuer has a policy of careful evaluation of creditworthiness and the constant monitoring of its loan positions.

Lending risk

A centralised department establishes the procedures for evaluating the types of risks arising from each loan granted by the Issuer. The department also monitors the overall risk, verifies capital adequacy and evaluates the performance of lending activities in terms of risk/return. In

addition, the process of debt recovery is supervised centrally and the debt recovery activities of the Issuer are coordinated.

Bad Debts

In accordance with the Bank of Italy's system of classification, the Issuer divides its loans into separate categories including, amongst others, (i) "substandard loans" for borrowers which are experiencing financial or economic difficulties that are likely to be temporary ("*inadempienze probabili*") and (ii) "bad loans" for borrowers against whom insolvency or similar proceedings have been instituted ("*sofferenze*").

The Issuer's loan portfolio is monitored on regular basis to review the prospects of recovery and estimated losses and the Issuer makes specific provisions tied to the expected loss on each non-performing loan, problem loan or, if deemed necessary, on certain performing loans.

As at 30 June 2018, the amount of net bad loans was Euro 13,738 thousand decreasing from Euro 18,933 thousand as at 30 June 2017.

The following table sets out the breakdown of the Issuer's bad loans (*sofferenze*) as at 30 June 2018 and 30 June 2017:

| BAD LOANS | As at 30 June 2018 | As at 30 June 2017 |
|------------------|---------------------------|---------------------------|
| | <i>Thousands of Euro</i> | |
| Gross bad loans | 55,057 | 52,024 |
| Adjustments | 41,319 | 33,091 |
| Net bad loans | 13,738 | 18,933 |

The following table sets out the breakdown of the Issuer's substandard loans (*inadempienze probabili*) as at 30 June 2018 and 30 June 2017:

| SUBSTANDARD LOANS | As at 30 June 2018 | As at 30 June 2017 |
|--------------------------|---------------------------|---------------------------|
| | <i>Thousands of Euro</i> | |
| Gross substandard loans | 1,857 | 1,617 |
| Adjustments | 181 | 162 |
| Net substandard loans | 1,676 | 1,455 |

As at 30 June 2018, net substandard loans amounted to Euro 1,676 thousand and the sum of net bad loans plus net substandard loans amounted to Euro 15,414 thousand.

Funding

The total amount of funds borrowed by the Issuer as at 30 June 2018 was Euro 5,113,595,566 which represented a decrease of Euro 760,649,136 compared to Euro 5,874,244,702 in 2017.

Capital Ratios

The Bank of Italy has adopted risk-based capital ratios pursuant to EU capital adequacy directives. Current capital requirements in force in Italy are similar to those provided by the international framework for capital measurement and capital standards of banking institutions as set out by the Basel Committee on Banking Regulations and Supervisory Practices. Capital ratios consist of core (Tier I) and supplemental (Tier II) capital requirements relating to the Issuer's assets and certain off-balance sheet items weighted according to risks ("risk-weighted assets").

In accordance with Bank of Italy regulations, the Issuer is required to maintain a total capital ratio (that is, the ratio of total capital to total risk-weighted assets) of at least eight per cent.

The Issuer's capital ratios as at 30 June 2018 and 31 December 2017, which are set out in the table below, exceeded the minimum levels prescribed by the Bank of Italy.

| CAPITAL RATIOS | As at 30 June 2018 | As at 31 December 2017 |
|----------------------------|--------------------------|------------------------|
| | <i>Thousands of Euro</i> | |
| Tier I Capital | 1,498,501 | 1,561,386 |
| Tier II Capital | 135,52 | 131,782 |
| Elements to be deducted | 0 | 0 |
| Total Capital | 1,692,063 | 1,693,168 |
| Credit Risk | 267,85 | 267,336 |
| Market Risk | 22,063 | 19,471 |
| Operation Risk | 36,666 | 36,666 |
| Total requirements | 339,989 | 329,600 |
| Risk weighted assets | 4,249,857 | 4,119,994 |
| Tier I Ratio | 35.26% | 37.90% |
| Total Capital Ratio | 38.33% | 41.10% |

Organisational Structure

The members of the Board of Directors, Management Board, and Board of Auditors of the Issuer as of the date of this Base Prospectus are listed hereunder, together with details of their positions and any principal activities carried out in other companies where these may overlap with the office held in the context of the Issuer:

Board of Directors

| Name | Responsibilities within the Issuer | Principal activity outside the Issuer |
|--------------------|------------------------------------|---|
| Maino Giuseppe | Chairman (<i>Presidente</i>) | Chairman of BCC Retail S.C.A.R.L.; Chairman of Banca di Milano C.C.; Vice Chairman of Federazione Lombarda delle BCC; Director of Federazione Italiana CRA-BCC |
| Liberati Francesco | Vice Chairman | Chairman of BCC di Roma; |

| Name | Responsibilities within the Issuer | Principal activity outside the Issuer |
|------------------------|---|---|
| | <i>(Vice Presidente)</i> | Chairman of Federazione delle BCC del Lazio-Umbria- Sardegna; Director of FondoSviluppo S.p.A.; Chairman Fondazione Enzo Badioli; Director of ABI; Director of Federazione Italiana CRA-BCC |
| Alfieri Lucio | Director <i>(Consigliere)</i> | Chairman of BCC Comuni Cilentani; Chairman of Federazione Campana delle BCC; Director of Federazione Italiana CRA-BCC |
| Azzi Alessandro | Director <i>(Consigliere)</i> | Chairman of BCC del Garda – Colli Morenici; Chairman of Federazione Lombarda delle BCC; Director of Ecra Srl; Director of ABI; Director of Federazione Italiana CRA-BCC |
| Carri Francesco | Director <i>(Consigliere)</i> | Substitute Vice Chairman Terre Etrusche e di Maremma Credito Cooperativo S.C.(Banca Tema); Director of Federazione Toscana BCC s.c.r.l., Auditor of ISMEA; Chairman of the supervisory board IBF Servizi S.p.A |
| Colombo Annibale | Director <i>(Consigliere)</i> | Chairman of BCC Carate Brianza s.c; Director of Federazione Lombarda delle BCC s.c |
| Ferrarini Franco | Director <i>(Consigliere)</i> | Vice Chairman of Valpolicella Benaco Banca C.C.; Director of Federazione Veneta delle BCC |
| Feruglio Carlo Antonio | Director <i>(Consigliere)</i> | Chairman of BCC di Staranzano e Villesse; Director of Federazione delle BCC del Friuli – Venezia Giulia, Director of Federazione Italiana CRA-BCC Director of BCC Sviluppo Territorio FVG |
| Moretti Mara | Director <i>(Consigliere)</i> | Director of Banca Valdichiana C.C. di Chiusi e Montepulciano |

| Name | Responsibilities within the Issuer | Principal activity outside the Issuer |
|--------------------|---|--|
| Porro Angelo | Director (<i>Consigliere</i>) | Chairman of CRA di Cantù BCC S.C.; Director of Federazione Lombarda delle BCC S.C.; Director of Ecra S.r.l. |
| Ricci Secondo | Director (<i>Consigliere</i>) | Chairman of BCC Ravennate Forlivese e Imolese S.C.; Director of Federazione delle BCC dell'Emilia-Romagna SC; Director of Cedecra Informatica Bancaria Srl |
| Saporito Salvatore | Director (<i>Consigliere</i>) | Chairman of BCC G. Toniolo di San Cataldo s.c.r.l.; Chairman of Federazione Siciliana delle BCC s.c.r.l.; Director Federazione Italiana delle CRA-BCC |
| Stra Pierpaolo | Director (<i>Consigliere</i>) | Vice Chairman of Banca d'Alba – Langhe – Roero e del Canavese Scarl |
| Toson Leonardo | Director (<i>Consigliere</i>) | Chairman of Banca Patavina; Director of Federazione Veneta delle BCC S.C |

The Board of Directors of the Issuer is composed of 14 members, including the Chairman appointed by the Shareholders' Meeting and a Vice Chairman with vicarious functions appointed by the Board of Directors recommended by the Chairman.

The extraordinary meeting of the Issuer, held on 12 July 2016, renewed the members of the Board of Directors for the 2016-2018 financial years. They will remain in place until the shareholders' meeting called to approve the financial statements 2018.

On 28 February 2019, Giulio Magagni resigned from his post as Chairman of the Board of Directors of the Issuer. On 7 March 2019 the Board of Directors confirmed the appointment of Giuseppe Maino as the new Chairman. Mr Maino had previously held the post of Vice Chairman.

Management Board

| Name | Responsibilities within the Issuer | Principal activity outside Iccrea Banca S.p.A. |
|------------------|--|--|
| Rubattu Leonardo | Managing Director (<i>Direttore Generale</i>) | Director of Satispay S.p.A.; Director of Iccrea BancaImpresa S.p.A.; Director of BCC Solutions S.p.A.; |

Director of the Executive Board of ABI;
 Director of BCC Sistemi Informatici SpA;
 Director of ABI
 Director of Fondo Temporaneo C.C.

The Managing Director (*Direttore Generale*) was appointed on 16 March 2011.

Board of Statutory Auditors

| Name | Responsibilities within the Issuer | Principal activity outside the Issuer |
|------------------|---|--|
| Gaspari Luigi | Chairman (<i>Presidente</i>) | Chairman of the Board of Statutory Auditors of the BCC Solutions S.p.A.; Chairman of the Board of Statutory Auditors of Risparmio e Previdenza S.G.R.p.A.; Chairman of the Board of Statutory Auditors of BCC Sistemi Informatici S.p.A.; Chairman of the Board of Statutory Auditors of Carocci Editore Spa; Director of Fabrica Immobiliare S.G.R.p.A.; Auditor of Iccrea BancaImpresa S.p.A; Auditor FDR Gestione Crediti S.p.A; Auditor of BCC Gestione Crediti – Soc. Finanziaria per la Gestione dei Crediti S.p.A.; Auditor of Enerlive S.r.l.; Auditor of Maicor Wind S.r.l.; Liquidator of Profit Investment Sim S.p.A.; Liquidator RMJ S.G.R.p.A. in <i>liquidazione coatta amministrativa</i> ; Liquidator of Banca di Girgenti S.p.A. in <i>liquidazione coatta amministrativa</i> ; Liquidator of ISVEIMER S.p.A. in <i>liquidazione</i> |
| Rondina Romualdo | Auditor (<i>Sindaco effettivo</i>) | Chairman of BCC di Fano S.C.; Chairman of the Board of Statutory Auditors of Federazione Marchigiana delle BCC; Auditor of BCC Solutions S.p.A.; Managing partners of SED. di Mencarini Paolo & Rondina; Substitute Auditor of BCC Gestione Crediti S.p.A.; Substitute Auditor of FDR Gestione Crediti S.p.A; Substitute Auditor of BIT S.p.A. |

| Name | Responsibilities within the Issuer | Principal activity outside the Issuer |
|---------------------|---|---|
| Sbarbati Fernando | Auditor (<i>Sindaco effettivo</i>) | Chairman of the Board of the Statutory Auditors of Iccrea BancaImpresa S.p.A.; Chairman of the Board of the Statutory Auditors of CreditoConsumo S.p.A.; Chairman of the Board of the Statutory Auditor of Smart P@per S.p.A.; Auditor of FDR Gestione Crediti S.p.A. Auditor of BCC Sistemi Informatici S.Cons.p.A.; Auditor of BCC Solutions S.p.A.; Auditor of BCC Beni Immobili S.r.l.; Auditor of BCC Gestione Crediti S.p.A.; Auditor Sat Lavori S. Cons.R.L.; Auditor of Augustawestland S.p.A.; Auditor of Enel Si S.r.l.; Auditor of Enel Produzione S.p.A.; Auditor of Enel Green Power Solar Energy S.r.l.; Substitute Auditor of Banca Sviluppo S.p.A.; Substitute Auditor of BCC Lease S.p.A. |
| Andriolo Riccardo | Substitute auditor (<i>Sindaco supplente</i>) | Chairman of the Board of the Statutory Auditors of Alpes S.r.l.; Auditor of ICCREA BancaImpresa S.p.A.; Auditor of SDI Automazione industriale S.p.A.; Auditor of DF LABS S.p.A.; Auditor of BCC Risparmio e Previdenza Sgrpa; Sole Auditor of BCC Retail S.c.ar.l.; Special Commissioner of Prisma SGR S.p.A. in <i>amministrazione straordinaria</i> ; Chairman of the Supervisory Board of TANK SGR S.p.A.; Substitute Auditor of BCC Factoring S.p.A.; Substitute Auditor of BCC Creditoconsumo S.p.A.. Substitute Auditor of Ventis S.r.l. |
| Fellegara Annamaria | Substitute auditor (<i>Sindaco supplente</i>) | Chairman of the Board of the Statutory Auditors of Iren Rinnovabili S.p.A.; Auditor of Iccrea BancaImpresa S.p.A.; Auditor of Atena Trading S.r.l. Auditor of Autostrada Campogalliano Sassuolo S.p.A. Auditor of Bcc Lease S.p.A.; Auditor of Servizi Italia S.p.A.; Auditor of Aeroporto Marconi S.p.A.; |

| Name | Responsibilities within the Issuer | Principal activity outside the Issuer |
|------|------------------------------------|--|
| | | Auditor of C-Global Cedacri Services S.p.A.; Auditor of Docugest S.p.A.; Auditor of Iren Ambiente S.p.A.; Auditor Lift Tek Elecar S.p.A.; Auditor Steritek S.p.A.; Auditor of Samko S.r.l.; Substitute Auditor of Bcc Risparmio & Previdenza S.G.R.p.A.; Substitute Auditor of Bcc Sistemi Informatici S.p.A.; Substitute Auditor of BCC Factoring S.p.A.; Substitute Auditor of Cedacri S.P.A. |

The Extraordinary Meeting of Issuer, held on 12 July 2016, renewed the members of the Board of Statutory Auditors for the 2016-2018 financial years.

The members of the Board of Directors, the Management Board and the Board of Statutory Auditors are all domiciled for the purpose of their appointment at the registered office of the Issuer at Via Lucrezia Romana 41/47, 00178 Rome.

Conflicts of Interest

Certain members of the Board of Directors, Management Board, and Board of Statutory Auditors of the Issuer hold identical offices in other companies (as described in the tables above), and this situation, together with other circumstances which may arise from time to time, may lead to conflicts of interest. Where such conflicts arise, the Issuer has in place procedures to manage the situation in accordance with applicable laws. More specifically, the Issuer manages conflicts of interest in accordance with article 2391 of the Italian Civil Code and article 136 of the Consolidated Banking Law.

Financial Statements

The Issuer prepares annual financial statements and interim financial statement and, as the parent company, following the merger with ICCREA Holding S.p.A., prepares the consolidated financial statements.

Auditors

The Issuer's annual financial statements as at 31 December 2017 and 31 December 2016 and the annual consolidated financial statements of the Issuer as at 31 December 2017 incorporated by reference herein have been audited, without qualification and in accordance with generally accepted standards in the Republic of Italy, by Ernst & Young S.p.A.. The audit reports of Ernst & Young S.p.A. are available to the public and incorporated by reference herein.

Ernst & Young S.p.A. is an independent registered public accounting firm and a member of the ASSIREVI – *Associazione Nazionale Revisori Contabili*, being the Italian Auditors Association. The business address of Ernst & Young S.p.A. is Via Po, 32, 00198 Rome, Italy. This appointment will last until the shareholders meeting to approve the 2018 annual financial statements.

Legal and Arbitration Proceedings

As of the date of this Base Prospectus, the Issuer is involved in certain administrative, legal and arbitration proceedings relating to its ordinary business activities.

Although the outcome of these proceedings is difficult to forecast, the Issuer does not believe that they will have a significant effect on the financial situation or profitability of the Issuer or the Group.

In any case, based on an assessment of the possible risk of these litigations, the Issuer has made a provision to the Risks and Charges account (Item 170 of the income statement) for the amount of Euro 682,040 which it considers adequate to cover the amounts that could become due in relation to these litigations.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Republic of Italy

1. Tax treatment of Notes which qualify as "*obbligazioni*" (bonds) or "*titoli similari alle obbligazioni*" (securities similar to bonds)

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds ("*obbligazioni*") or securities similar to bonds ("*titoli similari alle obbligazioni*") issued, *inter alia*, by Italian banks.

For these purposes, securities similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

1.1 *Italian resident Noteholders*

Where the Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**") as well as the requirements set forth in Article 1 (210-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**"), if the long-term saving account is set up with effect from 1 January 2019.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in the Republic of Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder), also to IRAP (the regional tax on productive activities).

Under the regime provided by law-decree No. 351 of September 25, 2001 converted into law with amendments by law No. 410 of November 23, 2001, as clarified by the Agenzia delle Entrate through Circular No. 47/E of August 8, 2003, payments of interests in respect of the Notes made to Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree 24 February 1998, No. 58 and article 14-bis of Law 1 January 1994, No. 86, are not subject to *imposta sostitutiva*. The taxation of the real estate fund has been repeatedly amended by Law Decree No. 78 of 31 May 2010 as converted, with amendments, into Law No. 122 of 30 July 2010 and by Law Decree No. 70 of 13 May 2011 as converted, with amendments, into Law No. 160 of 12 July 2011. Such new legislations have not affected the taxation of the Notes as described above.

If an investor is resident in Italy and is an open-ended or closed-ended investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (the "**Fund**"), a SICAV or a SICAF and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund, the SICAV or the SICAF will not be subject to taxation on such result, but a substitutive tax, up to 26%, will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017 and in Article 1 (210-215) of the Finance Act 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in the Republic of Italy or be a permanent establishment in the Republic of Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

1.2 *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies *provided that* the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy (the "**White List States**") as listed, pursuant to Article 11, paragraph 4, of Decree 239, in the Ministerial Decree of 4 September 1996, as amended from time to time. Pursuant to Article 1-*bis* of Ministerial Decree of 4 September 1996, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with the exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in the Republic of Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked,

in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in the Republic of Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption.

However, Noteholders who are subject to the substitute tax might be eligible for a total or partial relief under any applicable tax treaty.

2. Interest and other proceeds from Notes not having 100 per cent. capital protection guaranteed by the Issuer

In case Notes representing debt instruments implying a "use of capital" do not incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for interim payments) and/or they give any right to directly or indirectly participate in the management of the relevant issuer or of the business in relation to which they are issued and/or any type of control on the management, Interest in respect of such Notes may be subject to a withholding tax, levied at the rate of 26% pursuant to Law Decree No. 512 of 30 September 1983.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities), (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax; in all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes not having 100 per cent. capital protection guaranteed by the issuer if such Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 as well as the requirements set forth in Article 1 (210-215) of the Finance Act 2019, if the long-term saving account is set up with effect from 1 January 2019.

In the case of non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, the withholding tax may be reduced by the applicable double tax treaty, if any.

3. Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder,

also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. Noteholders may set off any losses with their gains.

In respect of the application of *imposta sostitutiva* on capital gains, taxpayers may opt for one of the three regimes described below:

- (a) Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:
 - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (c) Under the "asset management" regime (the "*risparmio gestito*" regime), any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in 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 Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017 as well as the requirements set forth in Article 1 (210-215) of the Finance Act 2019, if the long-term saving account is set up with effect from 1 January 2019.

Any capital gains realised by a Noteholder who is an Italian real estate investment fund will neither be subject to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund (as defined above), a SICAV or a SICAF will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund, the SICAV or the SICAF will not be subject to taxation on such result, but a substitutive tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017 and in Article 1 (210-215) of the Finance Act 2019.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies *provided that* the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in the Republic of Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident in a White List State;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

4. **Inheritance and gift taxes**

Transfers of any valuable asset (including shares, Notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding €100,000; and
- (c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate, mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

5. **Transfer tax**

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

6. Stamp duty

Article 13, paragraph 2 *ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Stamp Duty Law**"), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduces a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to clients as of 1 January 2012 ("**Statement Duty**"). The statement is deemed to be sent to the clients on an annual basis, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate 0.2 percent (but in any case not exceeding €14,000 only for entities other than individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterised for tax purposes as "financial instruments".

The Proposed Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Act

Pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, which sections are commonly referred to as the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), certain issuers of debt instruments and financial intermediaries may be required to withhold U.S. tax on payments on such debt instruments. However, FATCA withholding on the Notes currently does not apply pursuant to an intergovernmental agreement between the United States and the Republic of Italy. Furthermore, in accordance with a grandfathering rule, even if the payments on the Notes are otherwise potentially subject to FATCA withholding, the Notes, so long as they are characterized as indebtedness for U.S. federal income tax purposes, should only become subject to FATCA withholding if the Notes are materially modified after the date that is six months after the date final Treasury regulations defining the

term "*foreign passthru payment*" are published. No such final Treasury regulations have been published yet. In the event any withholding under FATCA is required with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount. The scope of these rules remains unclear and potentially subject to material changes. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated on or about the date hereof (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as

completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"), 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 the Notes.

If the Final Terms in respect of any Notes specifies "*Prohibition of Sales to EEA Retail Investors*" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member 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 Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may make an offer of such Notes to the public in that Relevant Member State:

- a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant Member 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling restrictions addressing additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention by the Issuer of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA");
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Consolidated Finance Act**"), as implemented by Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**CONSOB Regulation No. 20307**"), and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Finance Act and its implementing of CONSOB Regulations including Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation. Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Finance Act, CONSOB Regulation No. 20307 and the Consolidated Banking Act (in each case as amended from time to time) and any other applicable laws or regulation;
- (b) in compliance with Article 129 of the Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, Bank of Italy or any other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "FIEA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall as a result of any change(s), or any change(s) in official interpretation, after the date hereof of applicable laws and regulations no longer be applicable, but without prejudice to the obligations of the Dealers described in the preceding paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing and admission to trading

Application has been made to the CSSF to approve this Base Prospectus as a base prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg. Application has been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

However, Notes may be issued pursuant to the Programme which will not be listed on the official list of the Luxembourg Stock Exchange or admitted to trading on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on or admitted to trading on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The update of the Programme was authorised by the Board of Directors of the Issuer on 7 February 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is NNVPP80YIZGEY2314M97.

Use of proceeds

Unless otherwise specified in the applicable Final Terms, the net proceeds from each Tranche of Notes will be used by the Issuer for its general funding purposes and to improve the regulatory capital structure of the Issuer.

If the Tranche of Notes to be issued is described as Green Bonds and/or Social Bonds and/or Sustainability Bonds, the applicable Final Terms will describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied also by making reference to the relevant bond framework.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream Banking SA. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream Banking SA is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The appropriate common code and the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Litigation

The Issuer, and the Issuer's subsidiaries have not been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document, relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Issuer's financial position or profitability and, so far as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

No material adverse change

Since 31 December 2017 (being the last day of the financial period in respect of which the most recent audited annual financial statements of the Issuer have been prepared), there has been no material adverse change in the financial condition or prospects of the Issuer or its subsidiaries.

No significant change

Other than any change in the financial position of the Issuer and its group connected with the creation of the Group and related corporate reorganisation pursuant to the BCC Reform Law as described in the section "*Description of the Issuer – Recent Events*" and "*Presentation of Financial Information*", since 30 June 2018 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no significant change in the financial or trading position of the Issuer and its group.

Auditors

The Issuer's annual consolidated financial statements as at 31 December 2016 and 31 December 2017 have been audited without qualification by Ernst & Young S.p.A. with its registered office at Via Po, 32, 00198 Rome, Italy, independent accountants.

Ernst & Young S.p.A. is authorized and regulated by the Italian Ministry of Economy and Finance ("MEF") and registered on the special register of auditing firms held by the MEF.

Material Contracts

The Issuer has not entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Noteholders.

Rating Agencies

Each of Fitch Ratings Italia S.p.A. and Standard & Poor's Credit Market Services Italy S.r.l. is established in the EEA and registered under the CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Minimum denomination

Where Notes issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, such Notes will not have a denomination of less than €100,000 (or, where

the Notes are issued in a currency other than euro, the equivalent amount in such other currency).

Documents on display

For so long as the Programme remains in effect or any Notes are outstanding, electronic copies of the following documents may be inspected (and, in the case of (e) and (f) below, are available for collection) during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Dealer Agreement;
- (d) the Programme Manual (being a manual signed for the purposes of identification by the Issuer and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
- (e) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances where a base prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity);
- (f) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein;
- (g) the By-laws of the Issuer;
- (h) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2017;
- (i) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016; and
- (j) the unaudited consolidated half-yearly financial statements in respect of the Issuer as at and for the six months ended 30 June 2018.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Post-issuance information

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

Interests of natural and legal persons involved in the issue/offer

Certain of the Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in financing, investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme. For the purposes of this paragraph the term "affiliates" also includes the parent company.

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