BASE PROSPECTUS

INTESA SANPAOLO S.p.A.

(incorporated as a società per azioni in the Republic of Italy)

NOTE ISSUANCE PROGRAMME IMI CORPORATE & INVESTMENT BANKING

Under this Note Issuance Programme IMI Corporate & Investment Banking (the **Programme**) Intesa Sanpaolo S.p.A. (the **Issuer** or the **Bank or Intesa Sanpaolo**) may from time to time issue notes in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes** and, together, the **Notes**) denominated in any currency determined by the Issuer.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in the Grand Duchy of Luxembourg under the *loi relative aux prospectus pour valeurs mobilières* dated 16 July 2019 as amended (the "**Prospectus Law 2019**"), which implements the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**"), and any other relevant implementing legislation in Luxembourg, to approve this document as a base prospectus.

This Base Prospectus has been approved by the CSSF, as competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of the Directive 2014/65/EU, as amended (the "**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area (the "**EEA**"). Investors should make their own assessment as to the suitability of investing in the Notes. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer in line with the provisions of Article 6 (4) of the Prospectus Law 2019.

This document comprises a Base Prospectus for the purposes of Article 8(1) of the Prospectus Regulation. This Base Prospectus is valid for a period of 12 months from the date of its approval (*i.e.* 18 June 2022). For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies after the end of its 12-month validity period.

Application has also been made to the Luxemburg Stock Exchange for Notes issued under the Programme to be (i) listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and (ii) admitted to trading on the Luxembourg Stock Exchange's regulated market (the "**Luxembourg Stock Exchange Regulated Market**") (including the professional segment of the regulated market of the Luxembourg Stock Exchange) and the multilateral trading facility, EuroMTF, of the Luxembourg Stock Exchange (the "**EuroMTF**") (including the professional segment of the EuroMTF). The Luxembourg Stock Exchange Regulated Market is a regulated market for the purposes of MiFID II. The EuroMTF is not a regulated market for the purposes of MiFID II, but it is subject to the supervision of the CSSF.

The CSSF has neither reviewed nor approved any information in this Base Prospectus concerning the Notes admitted to trading on the EuroMTF. The CSSF assumes therefore no responsibility in relation to the issues of Notes admitted to trading on the EuroMTF.

The Notes will be issued in such denominations as may be specified by the Issuer and indicated in the applicable Final Terms (as defined below) save that the minimum denomination of each Note admitted to trading on an EEA exchange or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions which are applicable to each Tranche of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes listed on Luxemburg Stock Exchange, will be filed to the CSSF on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as the Issuer may decide. The applicable Final Terms will specify whether or not the Notes are to be listed on the Luxembourg Stock Exchange and/or any other stock exchange(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notes may be issued on a continuing basis and may be distributed by way of private or public placement as specified in

the applicable Final Terms. If the applicable Final Terms so specify, Notes may be distributed to one or more Managers (each a **Manager**).

The Issuer has been rated BBB (high) by DBRS Morningstar; BBB- by Fitch Ratings; Baa1 by Moody's; and BBB by S&P Global Ratings. Each of DBRS Morningstar, Moody's, S&P Global Ratings and Fitch Ratings is established in the European Union (the **EU**) and is registered under the Regulation (EC) 1060/2009 (as amended) (the "**CRA Regulation**"). As such each of DBRS Morningstar, Moody's, S&P Global Ratings and Fitch Ratings is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See Section "*Risk Factors*". The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

IMPORTANT – RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to 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 either in the European Economic Area (the "**EEA**") or in one or more specified jurisdictions in the EEA, and/or in one or more specified jurisdictions outside the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation; or (iv) a retail client within the meaning of any equivalent definition under the applicable legislation of the specified jurisdiction outside the EEA. Consequently no key information document required by Regulation (EU) No 1286/2014 as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA and/or in the specified jurisdiction(s) only has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA and/or in the specified jurisdiction(s) only may be unlawful under the PRIIPS Regulation.

Amounts payable under the Notes may be calculated or otherwise determined by reference to one or more reference rates that may constitute "benchmarks" for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "**Benchmark Regulation**" or "**BMR**"). If any such reference rate does constitute such a benchmark the applicable final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR. Not every reference rate will fall within the scope of the Benchmark Regulation. Furthermore, pursuant to article 51 of the BMR, transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark (i.e. a benchmark which has been recognised as a critical benchmark or a benchmark whose administrator is based in a non-EU jurisdiction and does not satisfy the "equivalence" conditions (according to Article 30 of the BMR) or is not "recognised" pending such an equivalence decision (according to Article 32 of the BMR) or is not "endorsed" for such purpose (according to Article 33 of the BMR)) is not required to appear in the register of administrators and benchmarks at the date of the applicable final terms. The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable final terms to reflect any change in the registration status of the administrator. Amounts payable under the Notes may be calculated by reference to EURIBOR, EONIA Rate, LIBOR, SONIA, SOFR and certain CMS Rates, which are provided by the European Money Markets Institute (**EMMI**) (with respect to EURIBOR and EONIA), ICE Benchmark Administration Limited (**ICE**) (with respect to LIBOR and certain CMS Rates), Bank of England (with respect to SONIA) and Federal Reserve Bank of New York (with respect to SOFR). As at the date of this Base Prospectus, EMMI has been authorised as a regulated benchmark administrator pursuant to Article 34 of the Benchmark Regulation and appears on the public register of administrators established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation. As at the date of this Base Prospectus, ICE does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that ICE is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). If the applicable Final Terms specify that Condition 8(ii) is applicable, the Issuer is not obliged to gross up any payments

in respect of the Notes and shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered, delivered, or sold within the United States (**U.S.**) to, or for the account or benefit of, U.S. persons (as defined in regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. There will be no public offering of the Notes in the United States. See "Subscription and Sale". The Notes will be issued in bearer form or in registered form. See "*Form of the Notes*" for further description of the manner in which Notes will be issued.

The date of this Base Prospectus is 18 June 2021

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

The Issuer (the Responsible Person) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information included within the Section "*Clearing and Settlement*" has been extracted from information provided by the clearing systems referred to therein. 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 the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read and construed in conjunction with any supplement hereto and with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below) and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms. This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office(s) set out below of the Paying Agent(s) (as defined below).

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or in the Final Terms or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Manager of an issue of Notes.

No Manager has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Manager as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any Manager to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no material adverse change in the prospects of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most

recently amended or supplemented. Investors should review, inter alia, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and the U.S. Treasury Regulations promulgated thereunder.

IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES WHERE THERE IS NO EXEMPTION FROM THE OBLIGATION UNDER THE PROSPECTUS REGULATION TO PUBLISH A PROSPECTUS

Restrictions on Public Offers of Notes in Relevant Member States where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus.

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus. Any such offer is referred to as a **Public Offer**. This Base Prospectus has been prepared on a basis that permits Public Offers of Notes in each Member State in relation to which the Issuer has given its consent, as specified in the applicable Final Terms (each specified Member State a **Public Offer Jurisdiction** and together the **Public Offer Jurisdictions**).

Any person making or intending to make a Public Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to use this Base Prospectus as provided under "*Consent given in accordance with Article 5(2) of the Prospectus Regulation (Retail Cascades)*" and provided such person complies with the conditions attached to that consent.

Save as provided above, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any Public Offer of Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 5(2) of the Prospectus Regulation (Retail Cascades)

In the context of a Public Offer of such Notes, the Issuer accepts responsibility, in each of the Public Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an **Investor**) who acquires any Notes in a Public Offer made by any Manager or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer or any Manager makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and none of the Issuer or any Manager has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraph, the Issuer has not authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor, for the avoidance of

doubt, any Manager accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

Specific consent

(1) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Notes by:

(a) the relevant Manager specified in the applicable Final Terms;

(b) any financial intermediary specified in the applicable Final Terms; and

(c) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (https://www.intesasanpaolo.com/) and identified as an Authorised Offeror in respect of the relevant Public Offer,

in each case subject to such conditions as may be agreed from time to time between the Issuer and the relevant Manager or relevant financial intermediary; and

General consent

(2) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Notes by any other financial intermediary which satisfies the "*Specific Conditions to General Consent*" set out below.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Public Offer are (in addition to the conditions described under "*Specific Conditions to General Consent*" below if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

(i) is only valid during the Offer Period specified in the applicable Final Terms;

(ii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in one or more of the following jurisdictions: Grand Duchy of Luxembourg, Republic of Ireland, Republic of Italy, Hungary, Slovak Republic, Croatia, Austria and Republic of Slovenia (the **Public Offer Jurisdictions**), as specified in the applicable Final Terms;

(iii) is subject to any other conditions set out in Part B of the applicable Final Terms.

Each Tranche of Notes may only be offered to Investors as part of a Public Offer in the Relevant

Member State(s) specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be the Republic of Ireland, the Republic of Italy, Hungary, the Slovak Republic, the Grand Duchy of Luxembourg, Croatia, Austria, and the Republic of Slovenia, and accordingly each Tranche of Notes may only be offered to Investors as part of a Public Offer in the Republic of Ireland, the Republic of Italy, Hungary, the Slovak Republic, the Grand Duchy of Luxembourg, Croatia, Austria, and the Republic of Slovenia, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Specific Conditions to General Consent

The conditions to the Issuer's consent are that:

(i) the financial intermediary must be authorised to make such offers under applicable legislation implementing the MiFID II in the relevant Member State;

(ii) the financial intermediary accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the **Acceptance Statement**):

"*We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the Notes) described in the Final Terms dated [insert date] (the Final Terms) published by Intesa Sanpaolo S.p.A. (the Issuer). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus accordingly*".

The **Authorised Offeror Terms**, being the terms to which the relevant financial intermediary agrees in connection with using the Base Prospectus, are that the relevant financial intermediary:

(1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Manager that it will, at all times in connection with the relevant Public Offer:

(a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Manager if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(b) comply with the restrictions set out under "Subscription and Sale" in this Base Prospectus

which would apply as if it were a Manager;

(c) ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

(d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

(e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

(f) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Issuer and the relevant Manager or directly to the appropriate authority with jurisdiction over any Manager in order to enable the Issuer or any Manager to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer or any Manager;

(g) ensure that no holder of Notes or potential Investor in the Notes shall become an indirect or direct client of the Issuer or the relevant Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(h) co-operate with the Issuer and the relevant Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Manager as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Manager:

(i) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer or the relevant Manager; and/or

(ii) in connection with any complaints received by the Issuer and/or the relevant Manager relating to the Issuer and/or the relevant Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or

(iii) which the Issuer or the relevant Manager may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Manager fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any

time frame set by any such regulator or regulatory process;

(i) during the period of the initial offering of the Notes: (i) not sell the Notes at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Manager); (ii) not sell the Notes otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Manager;

(j) either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

(k) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Manager to breach any Rule or subject the Issuer or the relevant Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(l) immediately inform the Issuer and the relevant Manager if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(m) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements or other Authorised Offeror Terms relevant to the Public Offer as specified in the applicable Final Terms;

(n) make available to each potential Investor in the Notes the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus and the applicable Final Terms; and

(o) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Manager accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Manager (as applicable), use the legal or publicity names of the Issuer or the relevant Manager or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in the Base Prospectus;

(2) agrees and undertakes to indemnify each of the Issuer and the relevant Manager (in each case on

behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Manager; and

(3) agrees and accepts that:

(a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the **Authorised Offeror Contract**), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(b) subject to (d) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a **Dispute**) and the Issuer and financial intermediary submit to the exclusive jurisdiction of the English courts;

(c) for the purposes of (b) above and (d) below, the financial intermediary waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;

(d) to the extent permitted by law, the Issuer and the Manager may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and

(e) each relevant Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for its benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (1)(b) and 1(c) under "*Consent – Specific Consent*" and paragraph (2) under "*Consent – General Consent*" are together the **Authorised Offerors** and each an **Authorised Offeror**.

Any Authorised Offeror who meets all of the conditions set out in "*Specific Conditions to General Consent*" and "*Common Conditions to Consent*" above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC

OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER OR, FOR THE AVOIDANCE OF DOUBT, ANY MANAGER (EXCEPT WHERE SUCH MANAGER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Manager at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The Offer Price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. Neither the Issuer nor the relevant Manager(s) will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer which is intended to permit a public offering of any Notes in any jurisdiction or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the U.S. or its possessions, the EEA (including the Republic of Italy, Ireland, Hungary, the Slovak Republic, the Republic of Slovenia, the Grand Duchy of Luxembourg, Croatia and Austria) and Japan (see "Subscription and Sale").

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the EEA (each, a Relevant Member

State) will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation or publish a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

In connection with the issue of any Tranche of Notes, the person or persons (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended 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 Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF INFORMATION

All references in this document to "U.S. dollars", "U.S.$" and "$" refer to United States dollars and to "£" refer to Sterling. References to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Base Prospectus.

TABLE OF CONTENTS

GENERAL DESCRIPTION OF THE PROGRAMME

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

*This description constitutes a general description of the Programme for the purposes of Article 25 of Commission Delegated Regulation (EU) No. 2019/980 (the "**Prospectus Commission Delegated Regulation**") supplementing the Prospectus Regulation.*

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this general description.

Issuer:	Intesa Sanpaolo S.p.A.
Description:	Note Issuance Programme IMI Corporate & Investment Banking
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale").
Issuing and Principal Paying Agent and Luxembourg Listing Agent:	Société Générale Luxembourg
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency (the **Specified Currency**) specified by the Issuer including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian krone, South African rand, Sterling, Swedish kronor, Swiss francs and U.S. dollars (as specified in the applicable Final Terms). If the Notes are specified to be Dual Currency Interest Notes and/or Dual Currency Redemption Notes in the applicable Final Terms, the Issuer will pay principal and/or interest on the Notes in a currency different to the Specified Currency (the **Payment Currency**).
Maturities:	Such maturities as may be specified by the Issuer, 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 or, if the Notes are specified to be Dual Currency Redemption Notes in the applicable Final Terms, the Payment Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is

at par or at a discount to, or premium over, par as specified in the applicable Final Terms.

Form of Notes: The Notes may be issued in bearer form or in registered form, as described in "*Form of the Notes*". For any Note, the applicable Final Terms will specify whether such Note is a Fixed Rate Note, a Fixed Reset Rate Note, a Floating Rate Note, a Zero Coupon Note, a Structured Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note may be a non-interest bearing Note, if specified as such in the applicable Final Terms. The applicable Final Terms will specify also whether U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) or any successor U.S. Treasury Regulations Section including, without limitation, Regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010 (the "**TEFRA D Rules**") or U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) or any successor U.S. Treasury Regulations Section including, without limitation, Regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010 (the "**TEFRA C Rules**") (TEFRA C Rules and TEFRA D Rules are referred to collectively herein as the "**TEFRA Rules**") are applicable in relation to the Notes issued in bearer form, provided that if the Notes in bearer form do not have a maturity or more than 365 days, the applicable Final Terms will specify that the TEFRA Rules are not applicable. Notes to which the TEFRA Rules apply will initially be represented by one or more global securities deposited with a common depositary or a common safekeeper for Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and/or any other relevant clearing system. Global securities may be exchanged for definitive securities only in the limited circumstances described in "*Form of the Notes*".

In addition, in certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST (**CDIs**), CDIs represent interests in the relevant Notes underlying the CDIs; the CDIs are not themselves Notes. See "*Clearing and Settlement*" for more information regarding holding CDIs.

Structured Rate Notes: Notes may bear Structured Rate Interest(s) amongst the following: Call Interest, Put Interest, Digital Interest, Range Accrual Interest, Spread Interest. The applicable Final Terms will specify the method of calculation of the Rate(s) of Interest (where Digital Interest is applicable) or the Interest Amount(s) (where one of the following is applicable: Call Interest, Put Interest, Range Accrual Interest and Spread Interest), the Interest Payment Date(s) and the Business Day Convention. The Rate of Interest may be specified in the applicable Final Terms either (x) as the same Rate of Interest for all Interest Periods or (y) as a different Rate of Interest in respect of one or more Interest

Periods. Structured Rate Interest are linked to the financial asset specified in the applicable Final Terms amongst the following: shares, indexes (which will not be indices composed by the Issuer or any legal entities of the group), commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial assets. In respect of the relevant financial asset of the specific issue, the applicable Final Terms will specify the relevant ISIN code (if applicable), the relevant Information Source, details of where the information about such financial asset can be obtained, as well as the Index Sponsor (in the case of indices).

Fixed Rate Notes: Notes may bear Fixed Rate Interest payable at such rate(s) and on such date or dates as may be specified by the Issuer and on redemption. Interest involving broken interest amounts will be calculated on the basis of such Day Count Fraction as may be specified by the Issuer.

Fixed Reset Rate Notes: Notes may bear Fixed Reset Rate Interest:

(a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

(b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate as may be specified by the Issuer,

payable, in each case, in arrear on the Fixed Reset Interest Payment Dates(s) as may be specified by the Issuer.

Floating Rate Notes: Notes may bear Floating Rate Interest at a rate determined:

(a) 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., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) as the difference between two rates which may be determined in accordance with either (a) or (b) above.

The margin (if any) and the rate multiplier (if any) relating to such floating rate will be specified by the Issuer for each Series of Notes

bearing Floating Rate Interests.

Change of Interest Basis and Issuer's Switch Option: If Change of Interest Basis is specified as applicable in the applicable Final Terms, the Notes will bear interest at a combination of rate(s) with different rate(s) being applicable for different periods as specified in the applicable Final Terms. Each such rate will be determined in accordance with the provisions applicable to Structured Rate Interest, Fixed Rate Interest, Fixed Reset Rate Interest and/or Floating Rate Interest.

If Issuer's Switch Option is specified as applicable in the applicable Final Terms, the Issuer may at its option change the Interest Basis of the Notes from Structured Rate to Fixed Rate or Floating Rate, from Fixed Rate to Floating Rate or Fixed Reset Rate or from Floating Rate to Fixed Rate or Fixed Reset Rate or as otherwise specified in the applicable Final Terms in respect of such period(s) as may be specified by the Issuer, upon prior notification of such change of interest to Noteholders.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Dual Currency Notes: Notes may be Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, **Dual Currency Notes**). Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Manager may agree.

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity 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, or, in relation to Structured Notes, will be redeemable upon occurrence of an event linked to an Underlying, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices, provided that the Notes will be redeemable at least at par, and on such other terms as may be specified by the Issuer.

In relation to Notes that qualify as eligible liabilities, the early redemption of such Notes shall be subject to the extent such Notes qualify at such time as liabilities that are eligible to meet the MREL Requirements or, in case of a redemption pursuant to Condition 5(vii)(b) (*Exercise due to a MREL Disqualification Event*) of Notes qualified as liabilities that are eligible to meet the MREL Requirements before the occurrence of the MREL Disqualification Event, to the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR.

MREL Disqualification Event: Notes that qualify as eligible liabilities may be redeemed before their stated maturity at the option of Intesa Sanpaolo if the Issuer determines

	that a MREL Disqualification Event has occurred and is continuing. Any such redemption shall be subject to the circumstances described in "Redemption" above.
Modification or Substitution of Notes:	The Issuer may, without the consent of the holders of Notes that qualify as eligible liabilities, substitute new notes for such Notes whereby such new notes shall replace such Notes, or vary the terms of such Notes, as fully specified in Condition 16(ii) of the Terms and Conditions.
Denomination of Notes:	Notes will be issued in such denominations as may be specified by the Issuer and indicated in the applicable Final Terms, save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Substitution of the Issuer:	The Issuer is entitled, subject to the Terms and Conditions of the Notes, to substitute any other company as principal debtor in respect of all obligations arising from or in connection with any Series of Notes or to change the branch through which it is acting for the purpose of any Series of Notes. Upon any such substitution of the Issuer or branch, the Terms and Conditions of the Notes will be amended in all consequential respects.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme and are material and specific to the Issuer and the Notes issued under the Programme.

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 or arise 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. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on its business operations or the Notes.

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.

Terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

1. RISK FACTORS RELATING TO THE ISSUER

1.1. Risks related to the financial situation of Intesa Sanpaolo Group

Risk exposure to debt Securities issued by sovereign States

The market tensions regarding government bonds and their volatility, as well as Italy's rating downgrading or the forecast that such downgrading may occur, might have negative effects on the assets, the economic and/or financial situation, the operational results and the perspectives of the Bank. Intesa Sanpaolo Group results is and will be exposed to sovereign debtors, in particular to Italy and certain major European Countries.

As at 31 December 2020, the exposure to securities issued by Italy amounted to approximately €90 billion, to which should be added approximately €10 billion represented by investments. On the same date, the investments in sovereign debt securities issued by EU countries corresponded to €123 billion, to which should be added approximately €12 billion represented by loans. On the whole, the securities issued by governments, central banks and other public entities represented approximately 80.91% of the total financial assets.

As at 31 December 2019, the exposure to securities issued by Italy corresponded to approximately €86 billion, to which should be added approximately €11 billion represented by investments. On the same date, the investments in sovereign debt securities issued by EU countries corresponded to €121 billion, to which should be added approximately €12 billion represented by loans. On the whole, the securities issued by governments, central banks and other public entities represented approximately 46% of the total financial assets.

The tensions in the market of government bonds and their volatility, in particular with reference to the spread of the performance of Italian bonds compared to other benchmark government bonds may have negative effects on the activities and the economic and/or financial situation of the Bank. Furthermore, the downgrading of Italy's rating, or the forecast that such downgrading may occur, could make the markets unstable and have negative impacts on the operational results, financial conditions and perspectives of the Bank.

For further information please refer to Part E of the explanatory note of the consolidated financial

statements for 2020, incorporated by reference in this Base Prospectus.

1.2. Risks related to legal proceedings

As at 31 December 2020, there were a total of about 26,300 disputes pending (of which 3,300 pertaining to the UBI Group), other than tax disputes at Group level (excluding those involving Risanamento S.p.A., not subject to management and coordination by Intesa Sanpaolo S.p.A.) with a total remedy sought of €4,100 million euro (of which 1,224 million euro for the UBI Group). This amount includes all outstanding disputes, for which the risk of a disbursement of financial resources resulting from a potential negative outcome has been deemed possible or probable and therefore does not include disputes for which risk has been deemed remote. The risks associated with the above disputes have been thoroughly and individually analysed by the Bank and the Intesa Sanpaolo Group companies involved. Specific and appropriate provisions have been made to the allowances for risks and charges in the event of disputes for which there is an estimated probability of a disbursement of more than 50% and where the amount of the disbursement may be reliably estimated (disputes with likely risk). Without prejudice to the uncertainty inherent in all litigation, the estimate of the obligations that could arise from the disputes and hence the amount of any provisions recognised are based on the forward-looking assessments of the outcome of the trial. These forward-looking assessments are, in any event, prepared on the basis of all information available at the time of the estimate. Disputes with probable risk amount to around 18,300 (of which 2,100 for the UBI Group) with a remedy sought of 2,250 million euro (of which 348 million euro for the UBI Group) and provisions of 765 million euro (of which 144 million euro for the UBI Group). The part relating to Intesa Sanpaolo is around 4,950 disputes with a remedy sought of 1,500 million euro and provisions of 469 million euro, the part relating to other Italian subsidiaries is around 2,540 disputes (of which 2,100 for the UBI Group) with a remedy sought of 619 million euro (of which 348 million euro for the UBI Group) and provisions of 233 million euro (of which 144 million euro for the UBI Group), and the part relating to the international subsidiaries is around 10,850 disputes with a remedy sought of 129 million euro and provisions of 63 million euro. The breakdown according to the main categories of disputes with likely risk shows the prevalence of cases related to the Group's ordinary banking and credit activities: disputes involving claims relating to banking and investment products and services or on credit positions and revocatory actions account for about 77% of the remedy sought and 71% of the provisions. The remaining disputes mainly consist of other civil and administrative proceedings and labour disputes or criminal proceedings or proceedings related to operational violations. The number of ongoing disputes is strongly affected by several cases of "mass" disputes present in Italy with regard to issues relating to anatocism and other conditions of accounts/credit facilities and investment services and at the international level, also relating to conditions of accounts/credit facilities and loans in currencies other than the local currency. Such disputes total more than 14,000. The risk arising from legal proceedings consists of the possibility of the Bank being obliged to pay any sum in case of unfavourable outcome.

The most common legal disputes are related to invalidity, cancellation, inefficacy actions or compensation for damages as a consequence of transactions related to the ordinary banking and financial activity carried out by the Bank.

For any individual assessment regarding legal disputes please refer to the paragraph titled "*Legal Proceedings*" of Section "*Description of the Issuer*". Such paragraph also includes information concerning the disputes on the marketing of convertible and/or subordinated shares/bonds issued by *Banca Popolare di Vicenza or Veneto Banca*, which filled against respectively Banca Nuova and Banca Apulia (both subsequently merged by incorporation in Intesa Sanpaolo S.p.A.).

In this respect, the Bank would like to highlight that, pursuant to the agreements between the two Banks in compulsory administrative liquidation and Intesa Sanpaolo, the disputes regarding the marketing of shares/convertible and/or subordinated bonds initiated against Banca Nuova and Banca Apulia are included in the excluded disputes which remain under the responsibility of the Banks in compulsory administrative liquidation. The disputes in the "excluded disputes" include 90 disputes (for a total remedy sought of around 94 million euro) involving claims relating to loans sold to Intesa Sanpaolo and deriving from so-called "*operazioni baciate*"; this term refers to loans granted by the former Venetian banks (or their Italian subsidiaries Banca Nuova/Banca Apulia) for the purpose of, or in any case related to, investments in shares or convertible and/or subordinated bonds of the two former Venetian Banks.

Intesa Sanpaolo has already made a formal reservation in this regard to the two Banks in compulsory administrative liquidation for all the loans acquired and arising from loans potentially qualifying as "operazioni baciate", even if they have not (yet) been formally contested by customers.

1.3. Risks related to the business sector of the Issuer

Risks related to the economic/financial crisis and the impact of current uncertainties of the macro-economic context

The future development in the macro-economic context may be considered as a risk as it may produce negative effects and trends in the economic and financial situation of the Bank and/or the Group.

Any negative variations of the factors described hereafter, in particular during periods of economic-financial crisis, could lead the Bank and/or the Group to suffer losses, increases of financing costs, and reductions of the value of the assets held, with a potential negative impact on the liquidity of the Bank and/or the Group and its financial soundness.

The trends of the Bank and the Group are affected by the general, national and economic situation of the Eurozone, the dynamics of financial markets and the soundness and growth prospects of the economy of other geographic areas in which the Bank and/or the Group operates.

In particular, the profitability capacity and solvency of the Bank and/or the Group are affected by the trends of certain factors, such as the investors' expectations and trust, the level and volatility of short-term and long-term interest rates, exchange rates, financial markets liquidity, availability and cost of capital, sustainability of sovereign debt, household incomes and consumer spending, unemployment levels, business profitability, inflation and housing prices.

The macro-economic framework is currently characterised by significant profiles of uncertainty, in relation to: (a) the outbreak of coronavirus ("**COVID-19**"), which caused a major decline in economic activity in 2020 and may have additional effects on default rates, unemployment rates and country risk in the near future; (b) the future developments of ECB monetary policies in the Euro area and of the FED in the dollar area; (c) the tensions observed, on a more or less recurrent basis, on the financial markets; (d) the risk that in the future holders of Italian government debt lose confidence in the credit standing of Republic of Italy, owing to the uncertainty of budgetary policies and the high debt ratio; (e) the exit of the United Kingdom from the single market on 1 January 2021.

With specific reference to point (e), the relationship of the UK with the EU may affect the business of the Bank. On 29 March 2017, the UK invoked Article 50 of the Treaty on the European Union and officially notified the EU of its decision to withdraw from the EU. On 31 January 2020 the UK withdrew from the EU. Articles 126 and 127 of the Article 50 Withdrawal Agreement (approved by the European Parliament on 29 January 2020) provided the UK with a transitional period until 31 December 2020, during which the UK was bound by EU rules despite not being its member state and remained in the single market area, while the future terms of the UK's relationship with the EU were being negotiated.

On 24 December 2020, the EU and the UK reached an agreement on the Trade and Cooperation Agreement (the "**Trade and Cooperation Agreement**"), which sets out the principles of the relationship between the EU and the UK following the end of the transitional period. The Trade and Cooperation Agreement was signed on 30 December 2020. The Trade and Cooperation Agreement has provisional application until the EU and UK complete their ratification procedures. On 29 April 2021, the EU Council ratified the Trade and Cooperation Agreement. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK. Notwithstanding the conclusion of the Withdrawal Agreement, the application of the Trade and Cooperation Agreement by the EU and the UK and the implementation by the UK of retained EU law, there remain significant uncertainties with regard to the political and economic outlook of the UK and the EU

As of the date of this Prospectus, the practical application of the Trade and Cooperation Agreement and the overall relationship of the UK and the EU is not fully clear. Any potential problematic provision included in such agreement or its potential uncertain interpretation could adversely and significantly affect European or worldwide economic or market conditions and may contribute to instability in global financial and foreign exchange markets. In addition, it would likely lead to legal uncertainty and divergent national laws and regulations. The precise impact on the business of the Bank of such uncertainty is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the market value and/or the liquidity of the Notes in the secondary market.

Credit risk

As of 31 December 2020, Intesa Sanpaolo S.p.A. recorded a gross NPL ratio (based on EBA metrics) of 4.1% excluding the contribution of UBI Banca and at 3.6% including it. On 31 December 2019, the same data corresponded to 6.8%, compared to 7.5% recorded on 31 December 2018. The credit institutions which recorded a gross NPL ratio higher than 5% are required – on the grounds of the "Guidelines on management of non performing and forborne exposures" of EBA – to prepare specific strategic and operative plans for the management of such exposures.

Taking into consideration the pattern of the main credit risk indicators in 2019–2020 the Bank deems that the risk related to credit quality is of low relevance.

The economic and financial activity and soundness of the Bank depends on its borrower's creditworthiness. The Bank is exposed to the traditional risks related to credit activity. Therefore, the clients' breach of the agreements entered into and of their underlying obligations, or any lack of information or incorrect information provided by them as to their respective financial and credit position, could have negative effects on the economic and/or financial situation of the Bank.

Furthermore, any exposures in the bank portfolio towards counterparties, groups of connected counterparties and counterparties of the same economic sector, which perform the same activity or belong to the same geographic area, could increase the Bank concentration risk.

More generally, the counterparties may not satisfy their respective obligations towards the Bank by reason of bankruptcy, absence of liquidity, operational disruption or any other reason. The bankruptcy of an important stakeholder, or any concerns about its default, could cause serious liquidity issues, losses or defaults by other institutions, which, in turn, could negatively affect the Bank. The Bank may also be subject to the risk, under specific circumstances, that some of its credits towards third parties are no longer collectable. Furthermore, a decrease of the creditworthiness of third parties, including sovereign States, of which the Bank holds securities or bonds, might cause losses and/or negatively affect the ability of the Bank to invest again or use in a different way such securities or bonds for liquidity purposes. A significant decrease of the creditworthiness of the counterparties of the Bank might, therefore, have a negative impact on the results of the Bank's performances. Albeit, in many cases, the Bank could require further guarantees to the counterparties which are in financial difficulties, certain disputes may arise with respect to the amount of guarantee that the Bank is entitled to receive and the value of the assets which are object of guarantee. The default rates, counterparties rating deterioration and disputes in relation to counterparties on the guarantee appraisal could be significantly increased during periods of market tensions and illiquidity.

In compliance with the provisions of the "ECB Guidance to banks on non-performing loans" published in March 2017 through which the ECB calls on banks to implement realistic and ambitious strategies to work towards an holistic approach regarding the problem of NPLs, Intesa Sanpaolo S.p.A. submitted to the ECB a plan for the reduction of its non-performing loans.

Subsequently, building on the overall strategy and targets outlined in the 2018-21 Business Plan published in February 2018, Intesa Sanpaolo S.p.A. has developed a solid 4-year plan, at no costs to shareholders, to reach an NPL level in line with European peers, continuing to maintain a lower leverage and a stronger balance sheet. The 2018-21 Group NPL Plan leverages the excellent performance achieved in the past three years, where the Bank outperformed vs plan targets on all drivers and operational plans thus exciding, one

year early, the de-risking objectives planned for the overall 4-year plan. The excellent results have been achieved by the strengthening of the proactive credit management in containing the new inflows from performing exposures performed by each division, by the results achieved in the recovery activities, by the accomplishment of the planned disposals, but also thanks to the supervision and monitoring activities performed by the "Group NPL Plan Control Room". For more information on European legislative initiatives on Non-Performing Loans, please refer to "*Regulatory Section*" of this Base Prospectus.

For further information on the management of the "credit risk", please refer to Part E of the explanatory note of the consolidated financial statements for 2020, included by reference in this Base Prospectus.

In Italy, the COVID-19 outbreak, led to a strong GDP contraction with negative effects in all economic sectors. Nevertheless, results for 2020 confirmed Intesa Sanpaolo's ability to effectively face the challenging aftermath of the COVID-19 pandemic. Excluding the contribution of UBI Banca, Gross NPLs were reduced by 34.6% on year-end 2020 and by around €32 billion since the beginning of 2018 exceeding one year early, by ~€6 billion, the deleveraging target of ~€26.4 billion set for the entire four-year period of the 2018-2021 Business Plan.

Total non-performing loans (bad loan, unlikely-to-pay, and past due) amounted - net of adjustments - to €10,342 million (excluding €401 million contribution of UBI Banca and around €2.1 billion related to the portfolios classified at year-end 2020 as ready to be sold, accounted under non-current assets held for sale and discontinued operations, of which around €1.6 billion pertaining to UBI Banca), down 27.3% from €14,222 million at year-end 2019. In detail, bad loans decreased to €3,912 million (excluding the contribution of €91 million of UBI Banca) from €6,740 million at yearend 2019, with a bad loan to total loan ratio of 1% (1.7% as at year-end 2019). Unlikely-to-pay loans decreased to €5,945 million (excluding the contribution of €278 million of UBI Banca) from €6,738 million at year-end 2019. Past due loans decreased to €485 million (excluding the contribution of €32 million of UBI Banca) from €744 million at year-end 2019.

NPL cash coverage ratio was 49.4% at the end of December 2020 excluding the contribution of UBI Banca (48.6% including it), with a cash coverage ratio of 58.8% for the bad loan component excluding the contribution of UBI Banca (58.3% including it).

NPLs at year-end 2020 did not include portfolios classified as ready to be sold, accounted under non-current assets held for sale and discontinued operations. Excluding the contribution of UBI Banca, these were equal to around €3.2 billion gross and €0.5 billion net; including the contribution, to around €5.4 billion gross post PPA and €2.1 billion net.

Market risk

For all of 2020, the Group's average managerial VaR (Value at Risk) was €254.8 million, up compared to €151.5 million in 2019. The performance of this indicator – mainly determined by IMI Corporate & Investment Banking division (which comprises the operations of Banca IMI now merged into Intesa Sanpaolo S.p.A.) – derives from an increase in the risk measures, mainly due to the volatility in the markets as a result of the COVID-19 pandemic. By analysing its composition we observe, with respect to the different factors, the prevalence of credit spread risk. It should be specified that in IMI Corporate & Investment Banking division, the VaR limit also includes the HTCS (Hold To Collect and Sell) component.

As to the bank portfolio risks, the interest rate risk, measured in terms of VaR, has recorded, with respect to the entirety of 2020, an average value of €626 million (€172 million was the average value on 31 December 2019). On 31 December 2020, the VaR was equal to €492 million, compared to €227 million on 31 December 2019.

The market risk is the risk of losses in the value of financial instruments, including the securities of sovereign States held by the Bank, due to the movements of market variables (by way of example and without limitation, interest rates, prices of securities, exchange rates), which could determine a deterioration of the financial soundness of the Bank and/or the Group. Such deterioration could be produced either by

negative effects on the income statement deriving from positions held for trading purposes, or from negative changes in the FVOCI (*Fair Value through Other Comprehensive Income*) reserve, generated by positions classified as financial Activities evaluated at fair value, with an impact on the overall profitability.

The Bank is therefore exposed to possible changes of the financial instruments value, including the securities issued by sovereign States, due to fluctuations of interest rates, exchange rates of currencies, prices of the securities listed on the markets, commodities and credit spreads and/or other risks. Such fluctuations could be caused by changes in the general economic trend, the investors' propensity to investments, monetary and tax policies, liquidity of the markets on a global scale, availability and capital cost, interventions of rating agencies, political events both at social and international level, war conflicts and acts of terrorism. The market risk occurs both with respect to the trading book, which includes the financial trading instruments and derivative instruments related thereto, and the banking book, which includes the financial assets and liabilities that are different from those contained in the trading book.

For further information please see Part E of the explanatory note of the consolidated financial statements, incorporated by reference to this Base Prospectus.

Liquidity risk

The ratio between the credits towards customers and the direct deposit taking, as at 31 December 2020 was at 88%, compared to 93% on 31 December 2019.

The "Liquidity Coverage Ratio" (LCR) on 31 December 2020 was higher than 100% against a minimum regulatory threshold equal to 100%.

The "Net Stable Funding Ratio" (NSFR) on 31 December 2020 was higher than 100% against a minimum regulatory threshold of 100% to be respected starting from June 2021.

The participation of the Group to TLTRO funding transactions with ECB at the end of December 2020 was equal to approximately €82.9 billion (of which Intesa Sanpaolo S.p.A. € 70.9 billion and UBI Banca: € 12 billion).

Although the Bank constantly monitors its own liquidity risk, any negative development of the market situation and the general economic context and/or creditworthiness of the Bank, possibly accompanied by the need to adapt the liquidity situation of the Bank to the regulatory requirements updated from time to time in implementation of the European rules, may have negative effects on the activities and the economic and/or financial situation of the Bank and the Group.

The liquidity risk is the risk that the Bank is not able to satisfy its payment obligations at maturity, both due to the inability to raise funds on the market (funding liquidity risk) and of the difficulty to disinvest its own assets (market liquidity risk).

The liquidity of the Bank may be prejudiced by the temporary impossibility of accessing capital markets by the issuance of debt securities (both guaranteed and not guaranteed), the inability to receive funds from counterparties which are external to or of the Group, the inability to sell certain assets or redeem its investments, as well as unexpected cash outflows or the obligation to provide more guarantees. Such a situation may occur by reason of circumstances that are independent from the control of the Bank, such as a general market disruption or an operational issue which affects the Bank or any third parties, or also by reason of the perception among the participants in the market that the Bank or other participants in the market are experiencing a higher liquidity risk. The liquidity crisis and the loss of trust in the financial institutions may increase the Bank's cost of funding and limit its access to some of its traditional liquidity sources.

Examples of liquidity risk manifestation are the bankruptcy of an important participant to the market, or concerns about its possible default, which may cause serious liquidity issues, losses or defaults of other banks which, in turn, could negatively affect the Bank; and a decrease of the creditworthiness of third

parties of which the Bank holds securities or bonds, that may determine losses and/or negatively affect the ability of the Bank to invest again or use in a different way such securities or bonds for liquidity purposes.

The participation of the Intesa Sanpaolo Group to the TLTRO funding transactions with the ECB as at 31 December 2019 is equal to approximately €49 billion. In particular, the Group has participated to 7 TLTRO funding transactions, starting from 24 June 2016. As at 31 December 2020, such transactions amounted to approximately €70.9 billion (excluding the contribution of €12 billion of UBI Banca), consisting entirely of TLTROs III.

For further information please see Part E of the explanatory note of the consolidated financial statements, incorporated by reference in this Base Prospectus.

Due to the financial market crisis, followed also by the reduced liquidity available to operators in the sector, in March 2019 ECB announced a new series of quarterly targeted longer-term refinancing operations (TLTROIII) to be launched in September 2019 to March 2021, each with a maturity of two years, recently shifted by an additional 1 year. On March 2020 new long term refinancing operations (LTROs) were announced to provide a bridge until the TLTRO III window in June 2020 and ensure liquidity and regular money market conditions. These measures were integrated with temporary collateral easing measures.

Operational risk

The Bank is exposed to several categories of operational risk which are intrinsic to its business, among which those mentioned herein, by way of example and without limitation: frauds by external persons, frauds or losses arising from the unfaithfulness of the employees and/or breach of control procedures, operational errors, defects or malfunctions of computer or telecommunication systems, computer virus attacks, default of suppliers with respect to their contractual obligations, terrorist attacks and natural disasters. The occurrence of one or more of said risks may have significant negative effects on the business, the operational results and the economic and financial situation of the Bank. The capital requirement amounts to €2,205 million as at 31 December 2020 and represents approximately 7.94% of the total value of the Intesa Sanpaolo Group requirement. The increase compared to €1,697 million euro as at 31 December 2019 is mainly due to the addition of the operational risk requirements of the acquired UBI Group (€417 million at 31 December 2020).

The operational risk may be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank's operational risk management process is divided into the following phases:

- identification: which includes the collection and classification of qualitative and quantitative information that allows to identify and describe the Group's potential areas of operational risk;
- measurement and assessment: which includes the process of qualitative and quantitative determination of the Group's exposure to operational risks;
- monitoring and control: the purpose of the monitoring phase is to analyse and monitor on an ongoing basis the development of the exposure to operational risks on the basis of the structured organisation of the results of the identification, assessment and measurement processes and the observation of indicators that represent a valid proxy of the exposure to operational risks (e.g., limits, early warnings and indicators established within the RAF);
- mitigation: which includes activities aimed at containing the exposure to operational risks, defined on the basis of the results of the identification, measurement, assessment and monitoring phases;
- reporting: which includes the preparation of appropriate information flows associated with operational risk management, designed to provide disclosure useful, for example, (i) for analysis

and understanding of any dynamics underlying the trend in the level of exposure to operational risks; (ii) analysis and understanding of the main issues identified; (iii) defining the mitigation actions and intervention priorities.

Although the Bank constantly supervises its own operational risks, certain unexpected events and/or events out of the Bank's control may occur (including those mentioned above by way of example and without limitation), with possible negative effects on the business and the economic and/or financial situation of the Bank and the Group, as well as on its reputation.

For further information please see Part E of the explanatory note of the consolidated financial statements for 2020, incorporated by reference in this Base Prospectus.

Foreign exchange risk

The Bank is exposed to several categories of foreign exchange risk which are intrinsic to its business and are lied in foreign currency loans and deposits held by customers, purchases of securities, equity investments and other financial instruments in foreign currencies, conversion to domestic currency of assets, liabilities and income of branches and subsidiaries abroad, trading of foreign currencies and banknotes, and collection and/or payment of interest, commissions, dividends and administrative costs in foreign currencies. Although the Bank constantly monitors its exposure to foreign currencies, any negative development of the foreign rates may have negative effects on activities and the economic and/or financial situation of the Bank and the Group.

"Foreign exchange risk" is defined as the possibility that foreign exchange rate fluctuations produce significant changes, both positive and negative, in the Group's balance sheet aggregates. The key sources of exchange rate risk lie in:

- foreign currency loans and deposits held by corporate and/or retail customers;
- purchases of securities, equity investments and other financial instruments in foreign currencies;
- conversion into domestic currency of assets, liabilities and income of branches and subsidiaries abroad;
- trading of foreign currencies and banknotes;
- collection and/or payment of interest, commissions, dividends and administrative costs in foreign currencies.

More specifically, "structural" foreign exchange risk refers to the exposures deriving from the commercial operations and the strategic investment decisions of the Intesa Sanpaolo Group.

Foreign exchange transactions, spot and forward, are carried out mostly by IMI Corporate & Investment Banking division (which comprises the operations of Banca IMI now merged into Intesa Sanpaolo S.p.A.), which also operates in the name and on behalf of Intesa Sanpaolo S.p.A. with the task of guaranteeing pricing throughout the Bank and the Intesa Sanpaolo Group while optimising the proprietary risk profile deriving from brokerage of foreign currencies traded by customers.

The main types of financial instruments traded include: spot and forward exchange transactions in foreign currencies, forex swaps, domestic currency swaps, and foreign exchange options.

1.4. Risk related to the development of the banking sector regulation and the changes in the regulation on the solution of banking crises

Regulatory framework

The Bank is subject to a complex and strict regulation, as well as to the supervisory activity performed by the relevant institutions (in particular, the European Central Bank, the Bank of Italy and CONSOB). Both the aforementioned regulation and supervisory activity are subject, respectively, to continuous updates and practice developments.

Furthermore, as a listed Bank, the Bank is required to comply with further provisions issued by CONSOB.

The Bank, besides the supranational and national rules and the primary or regulatory rules of the financial and banking sector, is also subject to specific Rules on anti-money laundering, usury and consumer protection.

Although the Bank undertakes to comply with the set of rules and regulations, any changes of the rules and/or changes of the interpretation and/or implementation of the same by the competent authorities could give rise to new burdens and obligations for the Bank, with possible negative impacts on the operational results and the economic and financial situation of the Bank.

Starting from 1 January 2014, a part of the Supervisory Rules has been amended on the grounds of the Directions deriving from the so called Basel III agreements, mainly with the purpose to significantly strengthen the minimum capital requirements, the restraint of the leverage degree and the introduction of policies and quantitative rules for the mitigation of the liquidity risk of the banks.

As for the capital requirements, the prudential provisions in force provide for minimum capitalisation levels. In particular, the banks are required to have a Common Equity Tier 1 (CET 1) ratio at least equal to 7% of the risk-weighted assets, a Tier 1 ratio equal at least to 8.5% of the risk-weighted assets and a Total Capital ratio equal at least to 10.5% of said risk-weighted assets (such minimum levels include the so called "capital conservation buffer", namely a "buffer" of further mandatory capitalisation).

As known, Intesa Sanpaolo S.p.A., as a bank of significant importance for the European financial system, is subject to direct supervision of the European Central Bank (ECB). Following the Supervisory Review and Evaluation Process (SREP) the ECB provides, on an annual basis, a final decision of the capital requirement that Intesa Sanpaolo S.p.A. must comply with a consolidated level.

On 26 November 2019, Intesa Sanpaolo received the ECB's final decision concerning the capital requirement that the Bank has to meet, as of 1 January 2020. When the regulatory amendment introduced by the ECB with effect from 12 March 2020 – which establishes that the Pillar 2 requirement may be met by partially using capital instruments other than Common Equity Tier 1 – is applied, the overall capital requirement the Bank is required to meet in terms of Common Equity Tier 1 ratio is 8.40% under the transitional arrangements for 2020 and 8.59% on a fully loaded basis.

The following requirements match the determination of the requirement related to the Common Equity Tier 1 ratio for 2020: a) the SREP requirement in terms of Total Capital ratio equal to 9.5%, which includes the Pillar I minimum requirement of 8%, in whose context a 4.5% in terms of Common Equity Tier 1 ratio and 1.5% of additional requirement of Pillar II, entirely in terms of Common Equity Tier 1 ratio; b) the additional requirement related to the Capital Conservation Buffer, equal to 2.5% according to the criteria in force in 2019 and the O-SII Buffer (Other Systematically Important Institutions Buffer) additional requirement, equal to 0.38% according to the transitional criteria in force for 2020 and 0.75% according to the criteria in force in 2021.

It should be noted that, on 12 March 2020, the ECB, taking into account the economic effects of COVID-19, announced certain measures aimed at ensuring that banks, under its direct supervision, are still able to provide credit support to the real economy.

Considering that the European banking sector acquired a significant amount of capital reserves (with the aim of enabling banks to face with stressful situations such as the COVID-19), the ECB allows banks to operate temporarily below the capital level defined by the "Pillar 2 Guidance (P2G)" and the "capital conservation buffer (CCB)". Furthermore, the ECB expects these temporary measures to be further

improved by an appropriate revision of the countercyclical capital buffer (CCyB) by the competent national authorities.

Moreover, due to the COVID-19 outbreak, with the Recommendation of 27 March, 2020 the ECB recommended that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020 and that credit institutions refrain from share buy-backs aimed at remunerating shareholders. The ECB has decided to extend the recommendation on dividends until 1 January 2021 with the Recommendation BCE/2020/35 that repeals Recommendation ECB 2020/19 of 27 March 2020. On 15 December 2020 the ECB issued a new Recommendation (Recommendation ECB/2020/62) repealing the Recommendation ECB/2020/35 in which renewed its guidance to banks to exercise extreme caution with regard to dividends and share buybacks, recommending in particular that: (i) they consider not distributing any cash dividends or to limit such distributions until 30 September 2021; (ii) if they still intend to distribute dividends or carry out share buybacks, they apply the lower of 15% of the cumulated profit for 2019-2020 and 20 bps in terms of CET 1 as a criterion; (iii) they be profitable and have robust capital trajectories if they intend to distribute dividends, and they are expected to contact their JST in advance to discuss whether the level of intended distribution is prudent; (iv) they refrain from distributing interim dividends out of their 2021 profits.

On 25 November 2020, Intesa Sanpaolo S.p.A. received the final decision of the ECB concerning the capital requirement that must be respected in terms of Common Equity Tier 1 ratio starting from 1 January 2021, which was fixed at 8.44% according to the transitional criteria in force for 2020 and at 8.63% according to the criteria currently in force.

As at 31 December 2020, by taking into account the transitional treatment adopted to mitigate the impact of the IFRS 9 (**IFRS 9 Transitional**), the total solvency coefficient of the Intesa Sanpaolo Group (Total Capital Ratio) is at 19.6%; and the ratio between the Class I Capital (Tier 1) of the Group and the set of risk-weighted assets (Tier 1 ratio) is at 16.9%. The ratio between the Primary Capital of Class 1 (CET1) and the risk-weighted assets (Common Equity Tier 1 ratio) is equal to 14.7%.

By taking into consideration the full inclusion of the impact of IFRS 9 (IFRS 9 Fully Loaded), the solvency coefficients as of 31 December 2020 are the following: Total capital ratio 19.2%; Tier 1 ratio 16.2%; and Common Equity Tier 1 ratio 14.0%. As for the liquidity, the European rules envisage, inter alia, a short-term indicator (Liquidity Coverage Ratio or **LCR**), aimed at creating and maintaining a liquidity buffer able to allow the survival of the bank for a period of thirty days in case of serious market stress, and a structural liquidity indicator (Net Stable Funding Ratio or **NSFR**) with a temporal horizon longer than a year, introduced to ensure that the assets and liabilities have a sustainable maturity structure.

Both indicators of the Group are widely above the minimum limits provided by the Rules.

The slowdown in economic activity caused by lockdowns across Europe and the measures the Governments have taken to face the effects of the current health and economic emergency impacted the Group operations in the different countries of its perimeter. The business continuity management plans were activated in order to ensure the regular execution of Treasury activities and the proper information flows to the senior management and the Supervisors.

Despite the overall liquidity situation of the Group is more than safe and under constant control, some risks may materialize in the coming months, depending on the length of the current lockdown and expected economic recovery. An important mitigating factor to these risks are the contingency management policies in place in the Group system of rules and the measures announced by the European Central Bank, which have granted a higher flexibility in the management of the current liquidity situation by leveraging on the available liquidity buffers. Furthermore, the Prudential Basel III Regulation introduced the financial Leverage Ratio, which measures the coverage degree of Class 1 Capital compared to the total exposure of the Bank Group. Such index is calculated by considering the assets and exposures out of the budget. The objective of the indicator is to contain the degree of indebtedness in the balance sheets of the banks. The ratio is subject to a minimum regulatory limit of 3%.

Although the above-mentioned regulatory evolution (further described under the "*Regulatory Section*" of this Base Prospectus) envisages a gradual adaptation to the new prudential requirements, the impacts on the management dynamics of the Bank could be significant.

In this context, a few other relevant provisions are the implementation of Directives 2014/49/EU (*Deposit Guarantee Schemes Directive*) of 16 April 2014 and the adoption of the (EU) Regulation no. 806/2014 of the European Parliament and the Council of 15 July 2014 (*Single Resolution Mechanism Regulation*, – so called "**SRMR**" as amended by Regulation 877/2019/EU, "**SRMR II**")), which may determine a significant impact on the economic and financial position of the Bank and the Group, as such rules set the obligation to create specific funds with financial resources that are provided, starting from 2015, by means of contributions by the credit institutions.

Moreover, the Directive 2014/59/EU of the European Parliament and the Council (Bank Recovery and Resolution Directive, "**BRRD**", as amended by Directive 879/2019/EU, "**BRRD II**"), which, *inter alia*, introduced the so called "bail-in" and introduced Minimum Requirement for own funds and Eligible Liabilities ("**MREL**"), Regulation 2019/876/EU of the European Parliament and the Council, which amends Regulation 575/2013/EU (s.c. "**CRR II**") and the Directive of the Parliament and the Council 2019/878/EU, which amends Directive 2013/36/EU (s.c. "**CRD V**") must be taken into consideration and put in force by Intesa Sanpaolo Group.

The Intesa Sanpaolo Group is subject to the BRRD, as amended from time to time, which is intended to enable a wide range of actions that could be taken towards institutions considered to be at risk of failing (i.e. the sale of business, the asset separation, the bail-in and the bridge bank). The execution of any action under the BRRD towards the Intesa Sanpaolo Group could materially affect the value of, or any repayments linked to the Notes.

On 15 October 2013, the Council of the European Union adopted the Council Regulation (EU) No. 1024/2013 granting specific tasks to the ECB as per prudential supervision policies of credit institutions (the "**SSM Regulation**") in order to establish a single supervisory mechanism (the "**Single Supervisory Mechanism**" or "**SSM**"). From 4 November 2014, the SSM Regulation has given the ECB, in conjunction with the national regulatory authorities of the Eurozone and participating Member States, direct supervisory responsibility over "banks of significant importance" in the Eurozone.

In this respect, "banks of significant importance" include any Eurozone bank in relation to which (i) the total value of its assets exceeds €30 billion or – unless the total value of its assets is below €5 billion – the ratio of its total assets over the national gross domestic product exceeds 20%; (ii) is one of the three most significant credit institutions established in a Member State; (iii) has requested, or is a recipient of, direct assistance from the European Financial Stability Facility or the European Stability Mechanism; (iv) is considered by the ECB to be of significant relevance where it has established banking subsidiaries in more than one participating Member State and its cross-border assets/liabilities represent a significant part of its total assets/liabilities.

Notwithstanding the fulfilment of the relevant criteria, the ECB, on its own initiative after consulting with each national competent authority or upon request by a national competent authority, may declare an institution significant to ensure the consistent application of high-quality supervisory standards. Intesa Sanpaolo S.p.A. and the Intesa Sanpaolo Group have been classified, respectively, as a significant supervised entity and a significant supervised group within the meaning of Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for co-operation within the Single Supervisory Mechanism between the European Central Bank and each national competent authority and with national designated authorities (the "**SSM Framework Regulation**") and, as such, are subject to direct prudential supervision by the ECB in respect of the functions granted to ECB by the SSM Regulation and the SSM Framework Regulation.

For further details, please see the "*Regulatory Section*" of this Base Prospectus.

1.5. Risks related to the entry into force of new accounting principles and the amendment of the

applied accounting principles

The Bank is exposed, as well as any other entity operating within the bank sector, to the effects deriving from both the entry into force of new accounting principles and the amendment of the existing ones, in particular with respect to the international IAS/IFRS accounting principles, as approved and adopted within the European legal system. On the date of first implementation of the IFRS 9 principle (31 March 2018), the main impacts for the Intesa Sanpaolo Group arose from the application of the new impairment accounting model (based on the "expected loss" concept instead of the "incurred loss" approach, which was previously envisaged by IAS 39), which has led to an increase of the value adjustments. The first implementation of the IFRS 16 principle, on 31 March 2019, caused an impact on the CET 1, equal to - 8 base points.

In relation to interventions on the accounting regulations, it is important to highlight that a particular attention should be given towards the international principle IFRS 9 "Financial Instruments", which replaced the IAS 39 as per the classification and measurement of the financial instruments. Such principle, which has been approved by means of Regulation (EU) 2067/2016, entered into force on 1 January 2018.

For an in depth analysis of the IFRS 9, the relevant implementation project and the effects of its first application (FTA) we refer to the chapter on "The transition to the international accounting principle IFRS 9" included in the balance sheet as of 31 December 2018. We would like to underline that, upon the first application of the principle, the main impacts for Intesa Sanpaolo Group arose from the enforcement of the new impairment accounting model (based on the concept of "expected loss" instead of the approach of the "incurred loss", previously envisaged by IAS 39), which caused an increase of the value adjustments.

Also with reference to the application of the IFRS 9, we observe that the Intesa Sanpaolo Group, as mainly a banking financial conglomerate, has decided to avail itself of the option of application of the so called "Deferral Approach" (or Temporary Exemption), by virtue of which the financial assets and liabilities of the insurance subsidiary Companies continue to be registered on the balance sheet under the provisions of IAS 39, awaiting the entry into force of the new international accounting principle on insurance agreements (IFRS 17), which is scheduled for 2023.

Furthermore, it is important to highlight that IFRS 16 came into force on 1 January 2019. This new financial reporting standard, which replaces IAS 17, has an impact on the method of accounting for leases, as well as rental, hire, lease and loan agreements, introducing a new definition based on the transfer of the “right of use” of the asset leased. The new standard requires all leases to be recorded by the lessee in the Balance Sheet as assets and liabilities. It introduces a different method of recognition for the costs: in IAS 17, lease payments were reported under the Income Statement caption administrative expenses, whereas under IFRS 16, the expense is reported both through the amortisation of the asset related to the “right of use” and as an interest expense on the payable. The adjustment of the opening balance sheet following the adoption of IFRS 16 using the modified retrospective approach has resulted in an increase in assets following the recognition of the new rights of use at Group level of 1,599 million euro and in the financial liabilities (payable to the lessor) of the same amount. There have therefore been no impacts on shareholders’ equity from the first-time adoption of the standard, because, as a result of the decision to adopt the modified approach (option B), upon first-time adoption the values of the assets and liabilities are the same, net of the reclassification of accruals and deferrals and the presentation of leases previously classified as finance leases under IAS 17.

For further details on new standards or amendments to existing ones, together with the related EU endorsement regulations, which came into force in 2020, please see Part A of the explanatory note of the consolidated financial statements for 2020, incorporated by reference in this Base Prospectus.

2. RISK FACTORS RELATING TO THE NOTES

2.1. Risks related to the nature of 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 to the Base Prospectus and all the information contained in the applicable Final Terms;

(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 that 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 Notes with principal or interest payable in one or more currencies, or 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 but 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. Prospective purchasers of Notes bearing Structured Rate Interest should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular underlying(s), as specified in the applicable Final Terms.

Regulatory restrictions with regard to certain types of Notes

The BRRD II and the SRMR II have detailed the scope of liabilities that are intended to be eligible for the purposes of the MREL. In particular, , according to Article 45b para. 2 of the BRRD II and Article 12c para. 2 of the SRMR II, certain types of Notes may be considered as eligible liabilities available to meet the MREL Requirements (as defined below).

As a consequence, in relation to Notes that may be considered as eligible liabilities according to such Articles, all the provisions concerning the eligible liabilities set out in the BRRD II, in the SRMR II and in the CRR II should be deemed applicable for the Notes which satisfy the conditions set out the in the MREL Requirements.

Notes intended to be eligible are subject to certain restrictions. In particular, the respective Noteholders are not entitled to set off claims arising from such Notes against any of the Issuer’s claims. No security of

whatever kind and no guarantee is, or shall at any time be, provided by the Issuer or other entities related to the Issuer, which enhances the seniority of the claims under these Notes. Furthermore, the early redemption and the repurchase of Notes that are intended to be eligible for the purposes of MREL are subject to specific restrictions such as the prior consent of the competent authority. Further, termination rights, if any, are excluded for the respective Noteholders, other than in the case of the insolvency or liquidation of the Issuer, under all relevant laws and regulations amended from time to time, which are and will be applicable to it.

These restrictions limit the rights of the Noteholders and might expose them to the risk that their investment will have a lower potential return than expected.

In addition, the BRRD II, the SRMR II and the CRR II have been recently adopted and there is uncertainty as to their implementation and interpretation in the relevant Member States.

2.2. Risks related to the structure of particular issue of Notes

General consideration in respect of Structured Rate Interest

An investment in Notes which bear interest determined by reference to one or more values of shares, indexes, commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial reference assets, either directly or inversely (**Structured Rate Interest),** may entail the risk that the resulting interest rate or interest amount will be less than that payable on a conventional debt security at the same time. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) movements in the underlying asset may adversely affect the amount of interest to be paid to the Noteholder and may also affect the market value of the Notes;

(c) they may receive no interest.

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. In particular:

(i) Certain consideration associated with Interest linked to Inflation Rates

The Issuer may issue Structured Notes bearing Structured Rate Interest linked to the performance of one or more rates of inflation. A relevant consumer price index or other formula linked to a measure of inflation to which the Structured Rate Interest is linked may be subject to significant and unforeseeable fluctuations that may not correlate with general changes in interest rates, currencies or other indices. The timing of changes in the relevant consumer price index or other formula linked to a measure of inflation to which the Structured Rate Interest is linked may affect the amount that investors in Structured Notes receive, even if the average level is consistent with their expectations.

A relevant consumer price index or other formula linked to a measure of inflation to which the Structured Rate Interest is linked is only one measure of inflation for the relevant jurisdiction and may not correlate perfectly with the rate of inflation experienced by holders of the relevant Structured Notes in such jurisdiction.

(ii) Certain consideration associated with Interest linked to Interest Rates

An investment in Structured Notes bearing Structured Rate Interest linked to interest rates may not provide the same level of return as a direct investment in the underlying interest rate.

An investment in Structured Notes bearing Structured Rate Interest linked to interest rates may bear similar market risks to a direct interest rate investment and potential investors should take advice accordingly.

Potential investors in any such Notes should be aware that, depending on the terms of the underlying interest rate, they may receive no or a limited amount of interest. In addition, movements in interest rates may be subject to significant fluctuations that may not correlate with changes in other indices and the timing of changes in the interest rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in interest rates, the greater the effect on yield.

Interest rates are determined by various factors which are influenced by macro economic, political or financial factors, speculation and central bank and government intervention. In recent years, interest rates have been relatively low and stable, but this may not continue and interest rates may rise and/or become volatile. Fluctuations that have occurred in any interest rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Fluctuations in interest rates will affect the value of Structured Notes.

If the amount of interest payable is dependent upon movements in interest rates and is determined in conjunction with a multiplier greater than one or by reference to some other participation factor, the effect of changes in the interest rates on interest payable will be magnified.

The market price of such Structured Notes may be volatile and, if the amount of interest payable is dependent upon movements in interest rates, may depend upon the volatility of interest rates. Movements in interest rates may be dependent upon economic, financial and political events in one or more jurisdictions.

(iii) Certain consideration associated with Interest linked to Exchange Rates

The Issuer may issue Structured Notes where the amount of interest payable is dependent upon movements in currency exchange rates.

Changes in currency exchange rates cannot be predicted. Although historical data with respect to currency exchange rates may be available, the historical performance of currency exchange rates should not be taken as an indication of future performance.

Potential investors in any such Structured Notes should be aware that, depending on the terms of the Structured Notes, they may receive no or a limited amount of interest. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of interest payable is dependent upon movements in currency exchange rates and is determined in conjunction with a multiplier greater than one or by reference to some other participation factor, the effect of changes in the currency exchange rates on interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of interest payable is dependent upon movements in currency exchange rates, may depend upon the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

(iv) Certain consideration associated with Interest linked to Commodities

The Issuer may issue Structured Notes where the amount of interest payable is dependent upon the

price or changes in the price of a commodity or basket of commodities.

Changes in the price of a commodity or basket of commodities cannot be predicted. Although historical data with respect to a commodity or basket of commodities may be available, the historical performance of a commodity or basket of commodities should not be taken as an indication of future performance.

Potential investors in any such Notes should be aware that depending on the terms of the Structured Notes they may receive no or a limited amount of interest. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity or the commodities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the commodities, the greater the effect on yield.

If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

(v) Certain consideration associated with Interest linked to Commodity Futures Contracts

The yield on Structured Notes where the amount of interest payable is linked to commodity futures contracts may not be perfectly correlated to the trend in the price of the underlying commodities, as the use of commodity futures contracts generally involves a rolling mechanism. This means that any commodity futures contracts which expire prior to the relevant payment date under the applicable Structured Notes are replaced with commodity futures contracts that have a later expiry date. Investors may, therefore, only marginally benefit from any rise or fall in the price of the commodities.

(vi) Certain consideration associated with Interest linked to Funds

The Issuer may issue Structured Notes where the amount of interest payable is dependent upon the price or changes in the price of units or shares in a fund or funds.

Changes in the price of units or shares in a fund or funds cannot be predicted. Although historical data with respect to the units or shares in a fund or funds may be available, the historical performance of the units or shares in a fund or funds should not be taken as an indication of future performance.

Potential investors in any such Notes should be aware that depending on the terms of the Structured Notes they may receive no or a limited amount of interest. In addition, the movements in the price of units or shares in the fund or funds may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the units or shares in the fund or funds may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the units or shares in the fund or funds, the greater the effect on yield.

If the amount interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the units or shares of the fund or funds on interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the volatility of the price of units or shares in the fund or funds. The price of units or shares in a fund may be affected by the economic,

financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the fund or funds may be traded.

(vii) Certain consideration associated with Interest linked to Shares

The Issuer may issue Notes where the amount of interest payable is dependent upon the price of or changes in the price of equity securities or a basket of equity securities.

Changes in the price of equity securities or a basket of equity securities cannot be predicted. Although historical data with respect to the equity securities or a basket of equity securities may be available, the historical performance of the equity securities or a basket of equity securities should not be taken as an indication of future performance.

Potential investors in any such Notes should be aware that depending on the terms of the Structured Notes they may receive no or a limited amount of interest. In addition, the movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the equity security or equity securities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the equity security or equity securities, the greater the effect on yield.

If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the equity security or equity securities on interest payable will be magnified.

The market price of such Structured Notes may be volatile and may be affected by the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

(viii) Certain consideration associated with Interest linked to Indices

The Issuer may issue Notes where the amount of interest payable is dependent upon the level of an index or indices.

Changes in the value of the index or indices cannot be predicted. Although historical data with respect to the index or indices may be available, the historical performance of the index or indices should not be taken as an indication of future performance.

Potential investors in any such Notes should be aware that depending on the terms of the Structured Notes (i) they may receive no or a limited amount of interest, and (ii) the market price of such Notes may be volatile. In addition, the movements in the level of the index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

Structured Notes are not in any way sponsored, endorsed, sold or promoted by the sponsor of the relevant Index(ices) (the **Sponsor**) and the Sponsor(s) make(s) no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Index(ices) and/or the figure at which the Index(ices) stands at any particular time on any particular day or otherwise. The Sponsor(s) shall not be liable (whether in negligence or otherwise) to any person for any error in the Index(ices) and the Sponsor(s) shall not be under any obligation to advise any person of an error therein.

(ix) Certain consideration associated with Interest linked to a Basket

Where the Notes are linked to a Basket, investors will be exposed to the value of the Baskets and will bear risk in relation to the level or price of each of the financial asset (each, a Basket Constituent) in the Baskets.

Investors should be aware that, even in the case of a positive performance of one or more of the Basket Constituents in the Basket, the value of the Basket as a whole may be negative if the performance of any or all of the other Basket Constituents in the Basket is negative to a greater extent.

Investors should also be aware that the value of a Basket that includes fewer Basket Constituents will generally be affected to a greater extent by changes in the level or price of any particular Basket Constituent included in the Basket than a Basket that includes a greater number of Basket Constituents.

Where the Basket Constituents in a Basket are subject to weighting, the performance of a Basket Constituent with a greater weighting in the Basket will generally have a greater effect on the performance of the Basket than a Basket Constituent with a lesser weighting in the Basket.

(x) Risks related to Disruption Events

Structured Notes may be subject to risks related to additional disruption events, market disruption events, disrupted days and other events that have a material effect on the Notes, if applicable (each as defined in the relevant Final Terms, the **Disruption Events**).

The occurrence of any Disruption Event may result in the postponement of the relevant observation date relating to any Underlying or affected Basket Constituent, the postponement of the relevant payment date for interest or redemption of the Notes by the Issuer.

Investors should be aware that the Calculation Agent has a large amount of discretion upon the occurrence of any Disruption Event. The Calculation Agent or the entity responsible for the calculation and publication of the value of the relevant Underlying, as the case may be, may make adjustments to the Conditions as it considers appropriate and may determine the fair market value of the relevant Underlying or good faith estimate of the level of the Index, as applicable, as specified in the relevant Final Terms.

Any postponement of the observation date or payment date or any amendment to the Conditions may have an adverse effect on the value of the Notes. The occurrences of any such event may also adversely affect the investors' investment schedule, timetable or plans in relation to which the payment dates of the Notes are connected.

An investor in the Notes should ensure he fully understands the nature of the Disruption Events and the possible consequences and fallbacks that could impact the Notes or any relevant Underlying.

(xi) Features relating to the method of calculation of Structured Rate Interest

Since Structured Rate Interest amounts are linked to the performance of underlying asset(s), then

certain features of such Notes may determine amounts due thereunder. Investors must ensure that they read the terms and conditions of such Notes to fully understand the risks thereof.

For instance, and without prejudice to further features or options disclosed in the terms and conditions of the Notes, one or more of the following features or options may be applicable:

Best Of Option: (i) where there is a single Underlying or Basket, the method by which the Calculation Agent selects the Best Of value, being the first, the second or the third and so forth (as specified in the applicable Final Terms) best performance of such Underlying or Basket among those determined for two or more periods specified in the applicable Final Terms; or (ii) where there are two or more Underlyings, or two or more Baskets, the method by which the Calculation Agent selects the Best Of Underlying or Basket, as the case may be, being the Underlying or Basket with the first, the second or the third and so forth (as specified in the applicable Final Terms) best performance compared with the other Underlyings or Baskets, as the case may be;

Cliquet Option: the method of calculation of the performance of the Underlying which is based on a series of forward start options. Each option enters into force on the date specified in the applicable Final Terms. The Call /Put Strike of each forward start option is reset when the option enters into force;

Himalaya Option: the method of calculation of the performance of a Basket based on a selection process in accordance with which, in each Himalaya Valuation Period, the Basket Constituent having the best Performance will be selected and removed from the Basket for each subsequent Himalaya Valuation Period(s) relating to the same Call/Put Interest Payment Date (but shall not be removed in respect of subsequent Call/Put Interest Payment Dates). Therefore, once the Basket Constituent has been selected in relation to a Himalaya Valuation Period, it will not be taken into account for the following Himalaya Valuation Period(s) relating to the same Call/Put Interest Payment Date. On each such subsequent Himalaya Valuation Period, other best performing Basket Constituents will be selected and removed from the Basket for each subsequent Himalaya Valuation Period(s) relating to the same Call/Put Interest Payment Date. As a result, for the purposes of the calculation of the Call/Put Performance, the Calculation Agent will consider the arithmetic mean of the performance of the Basket Constituents having the best Performances in the relevant Himalaya Valuation Periods according to the selection process described above;

Knock-in Event: the event specified in the applicable Final Terms that has to occur on a Knock-in Observation Date or at any time during the Knock-in Observation Period (as specified in the relevant Final Terms) for the applicability of the Call/Put Option.

Knock-out Event: the event specified in the applicable Final Terms that has to occur on a Knock-in Observation Date or at any time during the Knock-in Observation Period (as specified in the relevant Final Terms) for the non-applicability of the Call/Put Option.

Rainbow Option: a method for calculating the relevant Interest Amount when the Underlying is constituted by a Basket. Pursuant to such method of calculation, the Issuer will specify in the applicable Final Terms the weightings (expressed as percentages) potentially applicable to the Basket Constituents in the Basket and then such weightings will be assigned to each Basket Constituent on the basis of such Basket Constituent's performance compared to the performances of the other Basket Constituents.

Spread Option: is an option that provides exposure to the difference between the values or the performance of two Underlyings multiplied by the Participation Factor;

Worst Of Option: (i) where there is a single Underlying or Basket, the method by which the Calculation Agent selects the Worst Of value, being the first, the second or the third and so forth (as specified in the applicable Final Terms) worst performance of such Underlying or Basket among those determined for two or more periods specified in the applicable Final Terms; or (ii) where there are

two or more Underlyings, or two or more Baskets, the method by which the Calculation Agent selects the Worst Of Underlying or Basket being the Underlying or Basket with the first, the second or the third and so forth (as specified in the applicable Final Terms) worst performance compared with the other Underlyings or Baskets, as the case may be.

(xii) Occurrence of events/conditions

Whether an event or a condition has occurred or not may be determined by reference (a) to one or more Underlying(s) and, in the case of each such Underlying, whether it is lower than, lower than or equal to, higher than, higher than or equal to or within specified values or levels; (b) to specified dates only or during a period; and/or (c) to the performance of such Underlying(s), or by reference to the level/price/value of the relevant Underlying(s) continuously observed of the relevant Underlying or determined on a specified date.

Risks related to Fixed/Floating Rate Notes and Notes that include an option for the Issuer to switch the method for the calculation of interest

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. 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 relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates payable on its Notes.

Moreover Notes may bear Interest at a rate that the Issuer may elect to convert, for example, from a structured rate to a floating rate, or from a structured rate to a fixed rate and so forth.

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

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

Notes bearing Fixed Reset Rate Interest will initially earn interest at the Initial Rate of Interest until (but excluding) the first Reset Date. On the first Reset Date, however, and on each Reset Date (if any) thereafter, the interest rate will be reset to a different fixed rate of interest per annum (each such interest rate, a **Reset Rate of Interest**). The Reset Rate of Interest for any Reset Period could be less than Initial Rate of Interest or the Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Notes bearing Fixed Reset Rate Interest.

Risks relating to Dual Currency Notes

The Issuer may issue Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, **Dual Currency Notes**) where the interest and/or principal is payable in one or more currencies which may be different from the currency in which the Notes are denominated. An investment in Dual Currency Notes will entail significant risks not associated with a conventional debt security.

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors. In particular, in the case of negative fluctuations of the relevant exchange rates, the potential

investor may be exposed to a partial loss of the capital invested.

If any FX Market Disruption Event occurs or exists Noteholders should be aware that the Issuer may either direct the Calculation Agent (i) to make such consequential adjustments to the Notes (including any payment obligations or the currency of payment) as it determines and/or (ii) to determine any Reference Exchange Rate or to substitute any affected Reference Exchange Rate with a substitute Reference Exchange Rate.

In addition, investors who intend to convert gains or losses from the exercise, redemption or sale of Dual Currency Notes into their home currency may be affected by fluctuations in exchange rates between their home currency and the Payment Currency (as defined below) of the Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed to be "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. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. 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 Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Regulation (EU) No. 2016/1011 (the "**Benchmark Regulation**") on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds became applicable from 1 January 2018. The Benchmark Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark and the use of a benchmark in the EU. The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority (the "**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation.

On 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and

derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. The euro risk free-rate working group for the euro area has also published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. Actually, although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

On 5 March 2021, the FCA made a public announcement on future cessation and loss of representativeness of the LIBOR benchmarks. In particular, publication of all 7 euro LIBOR settings, all 7 CHF LIBOR settings, the Spot Next, 1-week, 2-month and 12-month Japanese yen LIBOR settings, the overnight, 1-week, 2-month and 12-month GBP LIBOR settings, and the 1-week and 2-month USD LIBOR settings will cease immediately after 31 December 2021. Publication of the overnight and 12-month USD LIBOR settings will cease immediately after 30 June 2023. In addition, immediately after 31 December 2021, the 1-month, 3-month and 6-month Japanese yen LIBOR settings and the 1-month, 3-month and 6-month GBP LIBOR settings will no longer be representative and representativeness will not be restored and immediately after 30 June 2023, the 1-month, 3-month and 6-month USD LIBOR settings will no longer be representative and representativeness will not be restored.

It follows that all 35 LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after the dates set out above.

On 10 February 2021, Regulation (EU) 2021/168 has been published, which amends the Benchmark Regulation with respect to the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation. The amendments have been made against the background of the phasing-out of the LIBOR by the end of 2021. The new rules are intended to reduce legal uncertainty and avoid risks to financial stability by making sure that a statutory replacement rate can be put in place by the time a systemically important benchmark is no longer in use.

The Benchmark Regulation allows an EU supervised entity to use a third country benchmark until 31 December 2021. The Regulation (EU) 2021/168, amending Article 51(5), extended this transitional period until the 31 December 2023 subject to certain conditions. The European Commission may further extend this period until 31 December 2025 in a delegated act to be adopted by 15 June 2023, if it provides evidence that this is necessary in a report to be presented by that time.

For the implementation of Regulation (EU) 2021/168, implementing powers have been conferred on European Commission to designate a replacement for a benchmark to replace all references to that benchmark in contracts.

That mechanism empowers the European Commission after (i) the occurrence of a trigger event prescribed in Article 23b; (ii) conducting a public consultation; (iii) taking into account official recommendations made by relevant central banks, certain authoritative alternative reference rate working groups, the competent authority of the administrator of any benchmark to be replaced and ESMA, to designate a replacement to replace a (a) benchmark designated as critical under the Benchmark Regulation; (b) third

country benchmark the cessation or wind-down of which would significantly disrupt the functioning of EU financial markets or pose a systemic risk to the EU's financial system. The replacement for a benchmark shall replace all references to that benchmark in contracts and financial instruments as referred to in Article 23a where those contracts and financial instruments contain: (a) no fallback provision; or (b) no suitable fallback provisions.

In the case of a benchmark designated as critical under the Benchmark Regulation, the national competent authority of an EU Member State in which the majority of the contributors to that benchmark are based also has the power to designate a Replacement Rate in certain prescribed circumstances.

The Terms and Conditions of the Notes provide that, if the Issuer determines that a Benchmark Event has occurred and a Substitute Rate is not specified in the relevant Final Terms, the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Benchmark Rate (as further described in Condition 3 (d)(ii)(F) (*Benchmark replacement*) and, if applicable, an Adjustment Spread. Please refer to *General Definitions* of the Terms and Conditions for the full definition of a Benchmark Event.

If the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser and the Issuer cannot select the Successor Rate or Alternative Benchmark Rate, the Issuer may determine the replacement rate, provided that if the Issuer is unable or unwilling to determine the Successor Rate or Alternative Benchmark Rate, the further fallbacks described in the Terms and Conditions of the Notes shall apply. In certain circumstances, including but not limited to where the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page, (or where (if so specified in the relevant Final Terms) amendments to the terms of the Notes in accordance with Condition 3 (d)(ii)(F) (*Benchmark replacement*) would cause the occurrence of a MREL Disqualification Event), the ultimate fallback for the purposes of a calculation of interest for a particular Interest Period may result in the reference rate for the determination of the rate of interest of such period equal to the last value published on the Relevant Screen Page to be used for the determination of the Reference Rate as specified in the applicable Final Terms, multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any). This may result in effective application of a fixed rate of interest for Notes initially designated to be Floating Rate Notes.

In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The use of a Substitute Rate or a Successor Rate or an Alternative Benchmark Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Notes if the relevant benchmark remained available in its current form. Furthermore, if the Issuer is unable to appoint an Independent Adviser or if the Issuer fails to agree a Successor Rate or an Alternative Benchmark Rate or adjustment spread, if applicable with the Independent Adviser, the Issuer may have to exercise its discretion to determine (or to elect not to determine) an Alternative Benchmark Rate or adjustment spread, if applicable in a situation in which it is presented with a conflict of interest. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes, investigations and licensing issues in

making any investment decision with respect to the Notes linked to or referencing such a "benchmark".

The market continues to develop in relation to the use of SONIA and SOFR as reference rates

Where the rate of interest of the Notes is specified in the applicable Final Terms as being determined by reference to SONIA or SOFR, the rate of interest will be determined on the basis of either a compounded daily rate or a weighted average rate. In either case, such rate will differ from the relevant LIBOR rate in a number of material respects, including (without limitation) that a compounded daily rate or weighted average rate will be determined by reference to backwards-looking, risk-free overnight rates, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR, SONIA and SOFR may behave materially differently as interest reference rates for Notes issued under the Programme. The use of SONIA or SOFR as a reference rate is nascent and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such reference rates.

Accordingly, prospective investors in any Notes referencing SONIA or SOFR should be aware that the market continues to develop in relation to SONIA and SOFR as reference rates in the capital markets and their adoption as an alternative to GBP LIBOR and USD LIBOR, respectively. For example, whether backwards-looking rates are ultimately determined on a compounding daily basis or a weighted average basis, and whether forward-looking 'term' rates derived from SONIA or SOFR will be developed and adopted by the markets, remains to be seen. The adoption of SONIA or SOFR may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA or SOFR, as applicable.

The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Terms and Conditions of the Notes as applicable to Notes referencing a SONIA or SOFR reference rates. The nascent development of SONIA and SOFR as interest reference rates, as well as continued development of SONIA and SOFR rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA or SOFR-referenced Notes issued under the Programme from time to time.

Furthermore, the Rate of Interest on Notes which reference SONIA or SOFR is only capable of being determined at the end of the relevant Interest Period and shortly prior to the relevant Interest Payment Date. It may be difficult for investors in such Notes to estimate reliably the amount of interest which will be payable under such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based Notes, if Notes referencing SONIA or SOFR are redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable.

In addition, the manner of adoption or application of SONIA and SOFR reference rates may differ materially compared with the application and adoption in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing either such rate.

If so specified in the applicable Final Terms, the reference rate for a series of Notes bearing Floating Rate Interest may also be determined by reference to a risk free rate other than SONIA or SOFR, such as, without limitation, the Euro Short-Term Rate (€STR), the Swiss Average Rate Overnight (SARON) or the Tokyo

Overnight Average Rate (TONAR). The market also continues to develop in relation to such risk free rates and similar considerations as those described above in relation to SONIA and SOFR may apply to the use of any other risk free rate as the reference rate for any series of Notes bearing Floating Rate Interest.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

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

If so specified in the relevant Final Terms, the Issuer may issue Notes under the Programme described as "green bonds" ("**Green Bonds**") or "social bonds" ("**Social Bonds**") or "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**"), or "climate bonds" ("**Climate Bonds**") in accordance with the Climate Bonds Standard set out by the Climate Bonds Initiative.

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 Term 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 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, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**") has been recently enacted and the relevant technical criteria are still to be published. Accordingly, no assurance is or can be given to investors that any green or social 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 (including those set out under the EU Taxonomy Regulation) or that any adverse social, green 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, Sustainability Bonds or Climate 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 and or low carbon 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 SBG and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental 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, Sustainability Bonds or Climate Bonds. A Second-party Opinion would not constitute a recommendation to buy, sell or hold the relevant Green Bonds, Social Bonds, Sustainability Bonds or Climate 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, Sustainability Bonds or

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

While it is the intention of the Issuer to apply an amount equivalent the proceeds of Social Bonds, Green Bonds, Sustainability Bonds or Climate Bonds, in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the green, low carbon, sustainable or social 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 Sustainability Bonds or Climate Bonds will be totally or partially disbursed for such projects. Nor can there be any assurance that such green, low carbon, sustainable or social 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 (i) give rise to any claim of a Noteholder against the Issuers; (ii) constitute an Event of Default under the relevant Notes; (iii) lead to an obligation of the Issuers to redeem such Notes or be a relevant factor for the Issuers in determining whether or not to exercise any optional redemption rights in respect of any Notes; or (iv) affect the qualification of such Notes as eligible liabilities instruments (as applicable).

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 their reporting obligations in relation to Green Bonds, Social Bonds, Sustainability Bonds or Climate Bonds as applicable, will not constitute an Event of Default under the relevant Notes.

Participation factors, Maximum Rates, Minimum Rates applied to the calculation of Interest

The determination of amounts due under the Notes may be subject, *inter alia*, to one or a combination of the following features, where applicable:

- a Minimum Rate and/or a Maximum Rate;

- a Participation Factor;

- the addition or subtraction of a Margin;

- a Global Cap or a Global Floor.

The application of such features may result in the calculation being subject to a minimum and/or maximum amount or otherwise increasing or decreasing the amount that would otherwise have been calculated had no such feature(s) been applicable.

In relation to the Structured Rate Notes, the relevant calculation will not be made only by reference to the performance of the relevant Underlying(s). For instance movements in the value of the relevant Underlying will be magnified where a participation factor applies and may therefore result in greater gains or losses than if no participation rate applied.

Mandatory Early Redemption

If "Mandatory Early Redemption" is specified as applicable in the applicable Final Terms, then such Final Terms will specify what constitutes a "Mandatory Early Redemption Event" and, following the occurrence of a Mandatory Early Redemption Event, the Notes will be redeemed on the relevant Mandatory Early Redemption Payment Date and the relevant Mandatory Early Redemption Amount specified in the

applicable Final Terms will become payable and no further amount shall be payable in respect of such Notes. In this case, investors are subject to a reinvestment risk, as they may not be able to replace their investment in such Notes with an investment that has a similar profile of chances and risks as the relevant Notes.

If any Notes are redeemed early in accordance with the above, the amount received by the relevant holders will be limited to the Mandatory Early Redemption Amount irrespective of the price of the relevant Underlying(s) or any other reference factor(s) applicable to such Underlying(s). Furthermore, investors will not benefit from any movement in the price of relevant Underlying(s) that may occur during the period between the relevant date of early redemption and the maturity date.

Maximum Rate of Interest

To the extent a Maximum Rate of Interest applies, investors should be aware that the Interest Rate is capped at such Maximum Rate of Interest level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affect the market value of the Notes.

Notes issued at a substantial discount or premium

The market value 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.

Notes subject to optional redemption by the Issuer (Issuer Call)

An optional redemption feature of Notes (Issuer Call) 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.

In respect of Notes which are conventional debt securities, the Issuer may be expected to redeem such 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 light of other investments available at that time.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, the exercise of the Issuer Call may be subject to particular restrictions prescribed by the applicable laws and regulations at the relevant time, as described in Risk Factor "*Early redemption and repurchase of the Notes which qualify as MREL eligible liabilities may be restricted"* below.

Risk related to the early exercise of the Notes following a MREL Disqualification Event

If the Notes qualified as MREL eligible liabilities at the time of the issuance and subsequently become ineligible due to a change in MREL Requirements, then a MREL Disqualification Event will occur.

If a MREL Disqualification Event occurs and is continuing in relation to any Series of such Notes, the Issuer in its discretion may redeem all, but not some only, of the Notes of such Series. If the Issuer should redeem such Notes, the Noteholders will receive an amount which shall be equal to the nominal amount, together with any outstanding interest, of the Notes. Such Notes may only be redeemed by the Issuer subject to compliance by the Issuer with any conditions or restrictions to such redemption or repurchase

prescribed by the MREL Requirements at the relevant time. See "*—Early redemption and purchase of the Notes which qualify as MREL eligible liabilities may be restricted*" below.

A MREL Disqualification Event shall be deemed to have occurred if, 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 Notes initially specified as MREL eligible liabilities, all or part of the aggregate outstanding nominal amount of such Notes are or will be excluded fully or partially from the liabilities that are eligible to meet the MREL Requirements.

In such case the Noteholders may be exposed to the risk that, due to the early redemption, their investment may have a lower than expected potential return and that it may not be possible to reinvest the amount received at the same conditions applied to the initial investment made in the Notes.

Early redemption and repurchase of the Notes which qualify as MREL eligible liabilities may be restricted

Any early redemption or repurchase of Notes intended to qualify as eligible liabilities under the MREL Requirements, is subject to compliance by the Issuer with any conditions or restrictions to such redemption or repurchase prescribed by the applicable laws and regulations at the relevant time, including any requirements applicable to such redemption due to the qualification of such Notes at such time as eligible liabilities available to meet the MREL Requirements.

The new regulatory framework, set out in Articles 77 and 78a of CRR II, provides that the relevant resolution authority shall grant permission to call, redeem, repay or repurchase liabilities that are eligible to meet the MREL Requirements (eligible liabilities instruments), prior their contractual maturity.

In particular, according to such provisions the relevant resolution authority would approve an early redemption of the eligible liabilities in accordance with Article 78a of the CRR where one of the following conditions is met:

(i) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the eligible liabilities with own funds instruments or eligible liabilities instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the resolution authority that its own funds and eligible liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the applicable MREL Requirements by a margin that the Relevant Authority considers necessary; or

(iii) the Issuer has demonstrated to the satisfaction of the resolution authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the applicable MREL Requirements actions for continuing authorization,

subject in any event to any different conditions or requirements as may be provided from time to time under the applicable laws and regulations, as adopted by the the Republic of Italy.

The BRRD2, the SRMR II and CRR II have been recently adopted and there are still some provisions related to Article 78a CRR II that need to be specified in Regulatory Technical Standards ("**RTS**") to be adopted by the European Banking Authority ("**EBA**"). The RTS require the EBA to develop the procedure — in terms of coordination between competent and resolution authorities, timelines and information — for relevant resolution authorities to follow to provide prior permission to banks to replace or reduce eligible

liabilities instruments. Moreover, the new regulatory framework has been recently adopted and leaves uncertainty as to its interpretation in the relevant Member States.

Risks related to Notes qualifying as eligible liabilities instruments according to the MREL Requirements which may be subject to modification without the Noteholders' consent

If (i) at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Notes qualifying as eligible liabilities instruments according to the MREL Requirements and/or (ii) in order to ensure the effectiveness and enforceability of Condition 21 (*Acknowledgement of the Italian Bail-in Power*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the competent authority and/or as appropriate the Relevant Authority (without any requirement for the consent or approval of the holders of the Notes of that Series), at any time vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Notes (as defined below), provided that such variation does not itself give rise to any right of the Issuer to redeem the varied notes.

Qualifying Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 21 (*Acknowledgement of the Italian Bail-in Power*), have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the Notes qualifying as eligible liabilities instruments according to the MREL Requirements. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholders. In addition, the tax and stamp duty consequences of holding such varied securities could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the securities prior to such variation.

2.3. Risks related to Notes generally

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Agent and the Issuer may, without the consent of Noteholders, agree to (i) any modification (subject to certain specific exceptions) of the Notes or the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders or (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law.

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company as principal debtor in relation to any Series of Notes subject to certain conditions precedent being satisfied. In addition, the Issuer shall have the right to change the branch through which it is acting for the purposes of any Series of Notes. Upon any such substitution of Issuer or branch, the Terms and Conditions of the Notes will be amended in all consequential respects.

Euro-system Eligibility

The European Central Bank maintains and publishes a list of assets which are recognised as eligible collateral for Eurosystem monetary and intra-day credit operations. In certain circumstances, recognition may impact on (among other things) the liquidity of the relevant assets. Recognition (and inclusion on the

list) is at the discretion of the Eurosystem and is dependent upon satisfaction of certain Eurosystem eligibility criteria and rules. If application is made for any Notes to be recognised and added to the list of eligible assets, there can be no assurance that such Notes will be so recognised, or, if they are recognised, that they will continue to be recognised at all times during their life.

Calculation Agent's Discretion and Conflicts of Interest

Under the Terms and Conditions of the Notes, the Calculation Agent may make certain determinations in respect of the Notes, and certain adjustments to the Terms and Conditions of the Notes, which could affect amounts of interest and/or principal payable by the Issuer in respect of the Notes. The Terms and Conditions of the Notes will specify the circumstances in which the Calculation Agent will be able to make such determinations and adjustments. In exercising its right to make such determinations and adjustments the Calculation Agent is entitled to act in its sole and absolute discretion**.**

Where the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence amounts of interest and/or principal payable by the Issuer in respect of the Notes.

The Issuer may at the date hereof or at any time hereafter, be in possession of information in relation to an underlying asset that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or, if relevant, any Manager to disclose to Noteholders any such information.

The Issuer and/or any of its affiliates may have existing or future business relationships with any underlying asset (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Taxation

Potential purchasers and sellers of Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred and/or any asset(s) are delivered or in other jurisdictions.

In addition, it is not possible to predict whether the taxation regime applicable to Notes on the date of purchase or subscription will be amended during the term of the Notes. If such amendments are made, the taxation regime applicable to the Notes may differ substantially from the taxation regime in existence on the date of purchase or subscription of the Notes.

For further information on the taxation regime applicable to Notes see Condition 8 and the section entitled "*Taxation*" in this Base Prospectus.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified

Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may 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 its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors who hold Notes through interests in the Global Notes will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg (see "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

United Kingdom's exit from the European Union

On 23 June 2016, the United Kingdom (the **UK**) held a referendum on the UK's membership of the EU. The result of the referendum's vote was to leave the EU and the UK Government invoked article 50 of the Lisbon Treaty. On 24 January 2020, it was announced that the government of the UK and the EU had executed and entered into to a withdrawal agreement (the "**Withdrawal Agreement**"). On 29 January 2020, the European Parliament voted to consent to the Withdrawal Agreement, and on 30 January 2020, the European Council adopted, by written procedure, the decision on the conclusion of the Withdrawal Agreement on behalf of the EU. On 31 January 2020, upon the UK's exit from the EU, the Withdrawal Agreement entered into force. A transition period begins following the date of the UK's withdrawal until 31 December 2020 (the "**Transition Period**"). During the Transition Period, the UK was bound by EU rules despite not being its member state and remained in the single market area, while the future terms of the UK's relationship with the EU were being negotiated.

On 24 December 2020, the EU and the UK reached an agreement on the Trade and Cooperation Agreement (the "**Trade and Cooperation Agreement**"), which sets out the principles of the relationship between the EU and the UK following the end of the Transition Period. The European Commission has proposed to apply the Trade and Cooperation Agreement on a provisional basis for a limited time until 28 February 2021, by which time the Trade and Cooperation Agreement must be approved by the European Parliament

There are a number of areas of uncertainty in connection with the future of the UK and its relationship with the European Union and the negotiation of the UK's exit terms and related matters may take several years. Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that the referendum, the UK's departure from the EU and/or any related matters may have on general economic conditions in the UK and the EU. It is also not possible to determine the impact that these matters will have on the Issuer or any other party to the transaction documents, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under EU regulation or more generally.

Risks relating to holding CREST Depository Interests

CREST Depository Interests are separate legal obligations distinct from the Notes and holders of CREST Depository Interests will be subject to provisions outside the Notes

Holders of CDIs (**CDI Holders**) will hold or have an interest in a separate legal instrument and will not be holders of the Notes in respect of which the CDIs are issued (the **Underlying Notes**). The rights of CDI Holders to the Notes are represented by the relevant entitlements against the CREST Depository (as defined herein) which (through the CREST Nominee (as defined herein)) holds interests in the Notes.

Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

For further information on the issue and holding of CDIs see the section entitled "*Clearing and Settlement*" in this Base Prospectus.

2.4. 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.

If an entity is appointed as market maker or liquidity provider or price maker in the secondary market in respect of any Notes, this may, in certain circumstances, affect the price of the Notes in the secondary market.

The Issuer will act as liquidity provider

If the relevant Final Terms provide so, the Issuer may act as liquidity provider in relation to the Notes, among other things, also by publishing on his website the indicative value of the Notes determined by taking into consideration, for instance, the bid and ask prices in respect of the Notes and the hedging and/or unwinding costs. In this case, investors should take into account that such indicative value may significantly differ from the value of the Notes as quoted by other market makers and it should not be construed as the fair market price of such Notes nor as a fair estimation of consideration in respect of any disposal of such Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency or, if Dual Currency Interest and/or Dual Currency Redemption is specified as being applicable in the Final Terms, the Issuer will pay principal and/or interest on the Notes in a currency different to the Specified Currency (the "**Payment Currency**"). This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency and/or, as applicable, the Payment Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency and/or, as applicable, the Payment 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 and/or, as applicable, the Payment Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) 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.

The above risks may be increased for currencies of emerging market jurisdictions.

Interest rate risks

Investment in Notes bearing Fixed Rate Interest involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Investment in Notes bearing Floating Rate Interest involves the risk that interest rates may vary from time to time, resulting in variable interest payments to Noteholders.

Credit ratings may not reflect all risks

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; and

(iii) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

In addition, in relation to unsolicited ratings:

(i) the Issuer is under no obligation to disclose any such ratings in the Final Terms or in any Supplement to this Base Prospectus; and

(ii) unsolicited ratings assigned to the Issuer or Notes may differ from any then existing ratings assigned.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA in accordance with the CRA Regulation is not a conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between the publication of the updated ESMA list and certain supervisory measures being taken against the relevant rating agency. If any credit ratings are assigned to the Notes, certain information with respect to the relevant credit rating agencies and ratings will be disclosed in the Final Terms.

Any decline in the credit ratings of the Issuer may affect the market value of the Notes

The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those on the Notes. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Notes.

Legal investment considerations may restrict certain investments

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Notes.

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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.

No reliance

A prospective purchaser may not rely on the Issuer, the Managers, if any, or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above. None of the Issuer, the Managers, if any, or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the

Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

2.5. Risks related to the offer to the public

Public offers

If Notes are distributed by means of a public offer, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or other entities specified in the Final Terms may have the right to withdraw the offer, which in such circumstances will be deemed null and void according to the terms indicated in the relevant Final Terms.

In this case, investors who have already paid or delivered subscription monies for the relevant Notes will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the Notes.

Furthermore, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or the other entities specified in the Final Terms may have the right to postpone the closing of the offer period and, if so, the Issue Date of the Notes.

In this case, investors who have paid or delivered subscription monies for the relevant Notes prior to the communication of the postponement of the Issue Date will not receive any interest that would have accrued if the Notes had been issued on the original Issue Date.

DOCUMENTS INCORPORATED BY REFERENCE

The following information, which has previously been published and filed with the CSSF is incorporated by reference in, and forms part of, this Base Prospectus:

(i) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2019, as shown in the Intesa Sanpaolo Group 2019 Annual Report, available at the following website: https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2019/20200430_BILANCI_2019_Def_uk.pdf

(ii) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2020, as shown in the Intesa Sanpaolo Group 2020 Annual Report, available at the following website: https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/bilanci-relazioni-en/2020/20210428_Bilanci_2020_DEF_uk.pdf

(iii) the press release dated 5 May 2021 and entitled "*Intesa Sanpaolo: Consolidated Results as at 31 March 2021*" (the "**5 May 2021 Press Release**"), to the extent of those pages specified in the cross-reference list further below. The Press Release is available at the following website: https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/comunicati-stampa-en/2021/05/20210505_1Q21Ris_uk.pdf

(iv) the section "Terms and Conditions of the Notes" contained in the Base Prospectus dated 20 July 2020 (the "**2020 Base Prospectus**") from page 103 to and including page 203 (available at the following website https://www.intesasanpaolo.prodottiequotazioni.com/EN/Download/Asset?id=aa7dc2eb-0143-49bd-b824-9ace6c308bed)

(v) the section "Applicable Final Terms" contained in the 2020 Base Prospectus, from and including page 58 to and including page 102 (available at the following website https://www.intesasanpaolo.prodottiequotazioni.com/EN/Download/Asset?id=aa7dc2eb-0143-49bd-b824-9ace6c308bed), provided that the introduction paragraph of such former Applicable Final Terms is no longer valid and that the introduction paragraph of the Applicable of Final Terms of this Base Prospectus must be used as introduction.

This Base Prospectus will be available, in electronic format, on the website of the Luxembourg Stock Exchange (https://www.bourse.lu) and at the following website: www.intesasanpaolo.prodottiequotazioni.com.

Any information contained in or incorporated by reference in any of the documents specified above which is not included in the cross-reference list in this Base Prospectus is not incorporated by reference and is either not relevant to investors or is covered elsewhere in this Base Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.
The Issuer declares that the English translation of each of the Intesa Sanpaolo Group's financial statements incorporated by reference in this Base Prospectus is an accurate and not misleading translation in all material respect of the Italian language version of the Intesa Sanpaolo Group's financial statements. Intesa Sanpaolo S.p.A. takes responsibility for the accuracy of such translations.

Cross-reference list

The following table shows where the information required under article 19(2) of Regulation (EU) 2017/1129 can be found in the above-mentioned documents.

The Intesa Sanpaolo Group 2019 Annual Report

The Intesa Sanpaolo Group 2020 Annual Report

5 May 2021 Press Release

OFFERS/ADMISSIONS TO TRADING/ISSUANCES EXTENDING BEYOND THE VALIDITY OF THE BASE PROSPECTUS

EUR Fixed Rate Notes due 08.07.2028 (ISIN Code XS2350601162).

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest Coupons attached (**Bearer Notes**), or registered form, without Coupons attached (**Registered Notes**). Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Bearer Notes

The applicable Final Terms will specify whether the TEFRA D Rules or the TEFRA C Rules are applicable in relation to the Bearer Notes (referred to herein as "**TEFRA D Notes**" and "**TEFRA C Notes**", respectively), provided that if the Notes do not have a maturity of more than 365 days, the applicable Final Terms will specify that the TEFRA Rules are not applicable.

An issuance of Notes to which the TEFRA C Rules apply may initially be represented by a permanent global note (a **Permanent Bearer Global Note**) or a temporary bearer global note (a **Temporary Bearer Global Note**) (Permanent Bearer Global Notes and Temporary Bearer Global Notes are referred to collectively herein as **Bearer Global Notes**). In all other cases, each Tranche of Notes with a maturity of more than 365 days will be initially issued in the form of a Temporary Bearer Global Note. In either case, the Bearer Global Notes will:

(a) if the Bearer Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and

(b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

If the Notes are intended to be held in a manner which would allow Eurosystem eligibility, this will mean that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper (and, in case of registered notes, registered in the name of a nominee of one of the ICSDs acting 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.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note (if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not United States persons, or persons who have purchased for resale directly or indirectly to any United States person or to a person within the United States or its possessions, as required by U.S. Treasury Regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) for interests in a Permanent Bearer Global Note of the same Series against certification of beneficial ownership in accordance with U.S. Treasury Regulations as described above, unless such certification has already been

given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note is improperly withheld or refused.

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

A Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached (1) upon not less than 60 days' written notice given to the Agent by Euroclear and/or Clearstream, Luxembourg acting in the instructions of any holder of an interest in this Global Note or (2) upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) and have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, or (iii) as a result of a change in law, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Bearer Notes with a maturity of more than 365 days and on all and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

Registered Notes

Registered Notes of each Tranche will initially be represented by a global note in registered form, without Receipts or Coupons, (a **Registered Global Note**) which will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or, in the case of Registered Global Notes issued under the new global note structure, registered in the name of a nominee of one of the International Central Securities Depositaries acting as Common Safekeeper, as specified in the applicable Final Terms. Prior to expiry of the Distribution Compliance Period applicable to each Tranche of the Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 1 of the Terms and Conditions of the Notes and such Registered Global Note will bear a legend regarding such restrictions on transfer.

For so long as any of the Notes is represented by a Registered Global Note issued under the new global

note structure and held by a Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as entitled to a particular nominal amount of Notes shall be deemed to be the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal, premium (if any), interest or other amounts on such Notes, for which purpose the registered holder (as shown in the Register) of the relevant Registered Global Note, such Common Safekeeper, shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the relevant Registered Global Note and the expressions "Noteholder" and "Noteholders" and related expressions shall be construed accordingly. Transfers of beneficial interests in the underlying Registered Notes represented by a Registered Global Note will be effected only through the book-entry system maintained by Euroclear and/or Clearstream, Luxembourg.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under certain circumstances, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the persons shown on the Register (as defined in Condition 1(a) of the Terms and Conditions of the Notes) as the registered holder of the Registered Global Notes. None of the Issuer any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 4(i) of the Terms and Conditions of the Notes) immediately preceding the due date for payment in the manner provided in that Condition. A Registered Note in definitive form may be transferred by the transferor or a person duly authorised on behalf of the transferor (i) surrendering the Registered Note, and (ii) depositing at the specified office of the Registrar a duly completed transfer certificate (a **Transfer Certificate**) in the form set out in the Agency Agreement (copies of which are available from the Registrar) signed by or on behalf of the transferor. The Registrar shall, after due and careful enquiry, and upon being satisfied with the documents of title and the identity of the person making the request, subject to the regulations set out under the Agency Agreement, enter the name of the transferee in the Register for the definitive Registered Notes as the noteholder of the Registered Notes specified in the form of transfer.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without Receipts, Coupons or Talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available, or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 of the Terms and Conditions of the Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

General

Notes which are represented by a Bearer Global Note or Registered Global Note (together, a **Global Note**) will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day and, in the case of Notes represented by a Registered Global Note, the corresponding entry in the Register kept by the Registrar will become void. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated on or about 18 June 2021 and executed by the Issuer.

Crest Depository Interests

Investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**) through the issuance of dematerialised depository interests (**CREST Depository Interests** or **CDIs**) issued, held, settled and transferred through CREST, representing interests in the relevant Notes in respect of which the CDIs are issued (the **Underlying Notes**). CREST Depository Interests are independent securities distinct from the Notes, constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**). See "*Clearing and Settlement*" for more information regarding holding CDIs.

APPLICABLE FINAL TERMS

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

PLEASE CAREFULLY READ THE RISK FACTORS IN THE BASE PROSPECTUS

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES AND THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

[**PROHIBITION OF SALES TO 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 (the "**EEA**")] [and] [*Insert jurisdiction(s)* [•]]. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation [or (iv) a retail client within the meaning of any equivalent definition under the applicable legislation of [Insert jurisdiction(s) [•]]. Consequently no key information document required by Regulation (EU) No 1286/2014 as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the [EEA] [and][*Insert jurisdiction(s)* [•] [only]] has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the [EEA] [and] [*Insert jurisdiction(s)* [•] [only]] may be unlawful under the PRIIPS Regulation.]

[*Date*]

Intesa Sanpaolo S.p.A.

(incorporated as a società per azioni in the Republic of Italy)

Legal entity identifier (LEI): 2W8N8UU78PMDQKZENC08

[Title of Notes]

under the Note Issuance Programme IMI Corporate & Investment Banking

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 18 June 2021 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus [for the purposes of the Prospectus Regulation as amended][1] (the **Base Prospectus**). This document constitutes the Final Terms of

[1] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

the Notes described herein [for the purposes of Article 8(1) of the Prospectus Regulation][2] and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Paying Agents. The Base Prospectus has been published on the websites of Luxembourg Stock Exchange (www.bourse.lu) and the Issuer's website (www.intesasanpaolo.prodottiequotazioni.com). In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail. [An issue specific summary of the Notes is annexed to these Final Terms.][3] In the case of the Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will be published on the website of the Luxembourg Stock Exchange [and of the Issuer][4].]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (the "**Conditions**") set forth in the Base Prospectus dated 20 July 2020, which are incorporated by reference in the Base Prospectus dated 18 June 2021. This document constitutes the Final Terms of the Securities described herein for the purposes of Article 8(1) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 18 June 2021 [and the supplement[s] to it dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus [as supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] is [are] available for viewing during normal business hours at the registered office of the Issuer [and the specified offices of the Principal Security Agent]. The Base Prospectus [and the supplement to the Base Prospectus] [has] [have] been published on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and the Issuer (www.intesasanpaolo.prodottiequotazioni.com). [An issue specific summary of the Securities is annexed to these Final Terms.]]

[*Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.*]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 36

[2] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

[3] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

[4] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation.

			below, which is expected to occur on or about [*date*]][Not applicable]
2.	Specified Currency:		[ ]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price of Tranche:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(a)	Specified Denominations:	[ ] (*Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed*: *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes* in definitive form *will be issued with a denomination above [€199,000]."))*
	(b)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[ ] [*Specify*/Issue Date/Not applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7.	Type of Notes:		[Fixed Rate Notes] [Fixed Reset Rate Notes] [Floating Rate Notes] [Fixed [Reset]] [Floating] to [Floating] [Fixed [Reset]] Rate [Switchable] Notes

		[Zero Coupon Notes] [Structured [Autocallable] [Dual Currency [Interest/Redemption]] Notes] (*specify all Note types which apply*)
8.	Maturity Date:	[Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Form of Notes:	[Bearer/Registered]
10.	Interest Basis:	[[•] per cent. [per annum] Fixed Rate] [from and including the [Issue Date/[•]] up to but excluding [•]] [[ ] per cent. Fixed Rate from [ ] to [ ], then [ ] per cent. Fixed Rate from [ ] to [ ]] [[ ] per cent. Fixed Rate until [ ], then calculated in accordance with paragraph 21 below] [[LIBOR] / [EURIBOR] / [SONIA] / [SOFR] / [*Insert Other Overnight Rate*][*specify reference rate*] [+/-[ ] per cent.] Floating Rate] [Floating Rate: CMS Rate Linked Interest] [Floating Rate: Difference in Rates] [Zero Coupon] [Call Interest linked to [*specify underlying(s) among the following: shares, indexes, commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial reference assets*]] [Put Interest linked to [*specify underlying(s) among the following: shares, indexes, commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial reference assets*]] [Digital Interest linked to [*specify underlying(s) among the following: shares, indexes, commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial*

		reference assets]] [Range Accrual Interest linked to [*specify underlying(s) among the following: shares, indexes, commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial reference assets*]] [Spread Interest linked to [*specify underlying(s) among the following: shares, indexes, commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial reference assets*]] (further particulars specified at point[s] [•] below) [*If the Underlying qualifies as "benchmark" for the purposes of the Benchmark Regulation insert:* [*specify benchmark(s)*] [is/are] provided by [*insert administrator(s) legal name(s)*] [*repeat as necessary*]. [As at the date of these Final Terms, [*insert administrator(s) legal name(s)*] [appear[s]]/[[does]/[do] not appear] [*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.][As far as the Issuer is aware, [[*insert benchmark(s)*] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that Regulation] [*repeat as necessary*] *OR* [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [*insert administrator(s) legal name(s)*] [is/are] not currently required to obtain authorisation or registration [since [*specify benchmark(s)*] [has/have] been recognised as [a] critical benchmark(s)] (or, if located outside the European Union, recognition, endorsement or equivalence). [*repeat as necessary*].]
11.	Redemption/Payment Basis:	Redemption at par
12.	Change of Interest Basis:	[Applicable – see [Fixed Rate Note Provisions,] [Fixed Reset Rate Note Provisions,] [Floating Rate Note Provisions] [Call Interest Provisions] [Put Interest

		Provisions] [Digital Interest Provisions] [Range Accrual Interest Provisions][Spread Interest Provisions] and Change of Interest Basis Provisions]/[Not applicable] (*Specify the date when any change of interest basis occurs or cross refer to paragraphs 19, 20, 21, 22, 23, 24, 25 and 26 and identify there*)
13.	Investor Put:	[Applicable] [Not applicable] [*specify whether or not a redemption of the Note will occur upon the exercise of the Investor Put*] [*If redemption of the Note will not occur specify further particulars*] [*If redemption of the Note will occur*: further particulars specified at point[s] [•] below]
14.	Issuer Call:	[Applicable] [Not applicable] [(further particulars specified at point[s] [•] below)]
15.	Mandatory Early Redemption:	[Applicable] [Not applicable] [(further particulars specified at point[s] [•] below)]
16.	Dual Currency Note Provisions:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Calculation Agent:	[ ]
	(ii) Payment Currency:	[ ]
	(iii) Successor Currency:	[Applicable]/[Not applicable].
	(iv) Rate Calculation Date:	[ ]/[As per Condition 7]
	– Number of Rate Calculation Business Days:	[ ]
	– Rate Calculation Business Days:	[ ]/[As per Condition 7]
	– Rate Calculation Business	[ ]/[As per Condition 7]

	Centre(s):	
(v)	Valuation Time:	[ ]/[As per Condition 7]
(vi)	EM Currency Provisions:	[Applicable]/[Not applicable]
(vii)	Unscheduled Holiday:	[Applicable]/[Not applicable]
	– Maximum Days of Unscheduled Holiday Postponement:	[ ]
(viii)	Cumulative Events:	[Applicable]/[Not applicable]
	– Maximum Days of Cumulative Postponement:	[ ]
(ix)	FX Market Disruption Event(s):	Currency Disruption Event: [Applicable]/[Not applicable]
(x)	FX Disruption Fallback:	[Calculation Agent Determination] [Currency Reference Dealers] [EM Fallback Valuation Postponement] [Maximum Days of EM Fallback Valuation Postponement: [ ]] [EM Valuation Postponement] [Maximum Days of EM Valuation Postponement: [ ]] [Fallback Reference Price [*specify also alternate FX Price Source(s)*]] [Other Published Sources] [Postponement] [Maximum Days of Postponement: [ ]] (*More than one FX Disruption Fallback may apply and if so must be specified in the order in which they apply*)
(xi)	FX Price Source(s):	[ ]
(xii)	Number of Reference Dealers:	[ ]/[As per Conditions 7]
(xiii)	Price Materiality Percentage:	[ ]
(xiv)	Specified Financial Centre(s):	[ ]
17.	Tax Gross-Up:	[Condition 8(i) applicable]/[Condition 8(ii) applicable]

18.	Method of distribution:	[Syndicated/Non-syndicated/Not applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19.	Fixed Rate Note Provisions:		[Applicable [in respect of the period from [ ] to [ ] [subject to the exercise of the Switch Option]]]/[Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate(s) of Interest:	[[ ] per cent. per annum [in respect of the Interest Period from [ ] to [ ], and [ ] per cent. per annum in respect of the Interest Period from [ ] to [ ], in each case] payable [ ] in arrear] / [*specify other in case of different Rates of Interest in respect of different Interest Periods*].
	(ii)	Fixed Interest Period(s):	[ ]
	(iii)	Fixed Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Fixed Interest Payment Date is [ ]. *(NB: This will need to be amended in the case of long or short coupons)*
	(iv)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
	(v)	Additional Business Centre(s):	[ ]/[Not applicable]
	(vi)	Fixed Interest Accrual Date(s):	[The Fixed Interest Accrual Dates are [ ] [in each year up to and including the Maturity Date].] [The Fixed Interest Accrual Dates shall be the Fixed Interest Payment Dates.]
	(vii)	Fixed Coupon Amount(s):	[ ] per Calculation Amount]/[Not applicable] *(Applicable to Notes in definitive form)* *(N.B. Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods)*
	(viii)	Broken Amount(s):	[ ] per Calculation Amount, payable on the Fixed Interest Payment Date falling [in/on] [ ]

(Applicable to Notes in definitive form)

(ix)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [Not applicable] (*NB: Actual/Actual (ICMA) is normally appropriate (i) for Fixed Rate Notes except for Fixed Rate Notes denominated in U.S. dollars for which 30/360 is normally appropriate, or (ii) where interest is not payable in regular instalments (e.g. if there are Broken Amounts))*
(x)	Determination Date(s):	[ ] in each year [*Only relevant where Day Count Fraction is Actual/Actual ICMA in which case insert regular Fixed Interest Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.* *NB: This will need to be amended in the case of regular Fixed Interest Payment Dates which are not of equal duration.*]

20.	Fixed Reset Rate Note Provisions:		[Applicable [in respect of the period from [ ] to [ ] [subject to the exercise of the Switch Option]]]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Initial Rate of Interest:	[ ] per cent. per annum payable [ ] in arrear
	(ii)	Fixed Reset Interest Period:	[ ]
		Fixed Reset Interest Accrual Date:	[ ]
	(iii)	Reset Date(s):	[ ]
	(iv)	Reset Rate(s):	[[ ] per cent. per annum payable [ ] in arrear]/[A rate per annum equal to the sum of (a) the Reset Reference Rate and (b) the Reset Margin]
	(v)	Reset Reference Rate(s):	[Mid Swap Rate/Reference Bond]

(*Only relevant where the Reset Rate(s) is a rate per annum equal to the sum of (a) the Reset Reference Rate and (b) the Reset Margin)*

	– Reset Rate Screen Page:	[[ ]/Not applicable] (*Delete if Reference Bond selected or if Reset Rate(s) specified in sub-paragraph (v) above*)
	– Mid Swap Maturity:	[[ ]/Not applicable] (*Delete if Reset Rate(s) specified in sub-paragraph (v) above*)
	– Reference Bond Issuing State:	[[ ]/Not applicable] (*Delete if Mid Swap Rate selected or if Specified Currency is not euro*)
	– Disruption Fallbacks	[*specify details in accordance with Condition 3*]
(vi)	Fixed Reset Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Fixed Reset Interest Payment Date is [ ]. *(NB: This will need to be amended in the case of long or short coupons)*
(vii)	Interest Amount(s):	[ ] per Calculation Amount]/[Not applicable] *(Applicable to Notes in definitive form)*
(viii)	Broken Amount(s):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] *(Applicable to Notes in definitive form)*
(ix)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [Not applicable] (*NB: Actual/Actual (ICMA) is normally appropriate (i) for Fixed Reset Rate Notes except for Fixed Reset Rate Notes denominated in U.S. dollars for which 30/360 is normally appropriate, or (ii) where interest*

			is not payable in regular instalments (e.g. if there are Broken Amounts))
	(x)	Determination Dates:	[ ] in each year [*Only relevant where Day Count Fraction is Actual/Actual ICMA in which case insert regular Interest Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.* *NB: This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration.*]
	(xi)	Reset Margin(s):	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (v) above*)
	(xii)	Reset Determination Date(s):	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (v) above*)
	(xiii)	Reset Rate Time:	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (v) above*)
	(xiv)	Relevant Financial Centre:	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (v) above*)
21.	Floating Rate Note Provisions:		[Applicable [in respect of the period from [ ] to [ ] [subject to the exercise of the Switch Option]]]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Floating Interest Period(s):	[ ]
	(ii)	Floating Interest Accrual Dates:	[ ]
	(iii)	Floating Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Floating Interest Payment Date is [ ].
	(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
	(v)	Additional Business Centre(s):	[ ]/[Not applicable]
	(vi)	Manner in which the Rate of Interest and Interest Amount is to	[Screen Rate Determination / ISDA Determination / Difference in Rates]

	be determined:	
(vii)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(viii)	Screen Rate Determination:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	– Term Rate:	[Applicable] [Not applicable]
	– Overnight Rate:	[Applicable] [Not applicable] (*If not applicable, delete the paragraphs below from (i) to (vi)*)
	(i) Calculation Method:	[Compounded Daily Rate][Weighted Average Rate]
	(ii) Observation Method:	[Lag/Lock-out]
	(iii) Observation Look-back Period:	[5/[ ] Relevant Business Days][Not applicable]
	(iv) Relevant Business Day:	[*Insert details*]
	(v) D:	[[365/360/[ ]] days]
	(vi) r:	[ ] (*only applicable in case of Other Overnight Rate*)
	– Reference Rate(s):	[[ ] month [LIBOR/EURIBOR]]/ [SONIA] / [SOFR] / [*Insert Other Overnight Rate*] /[CMS Rate]/[*specify relevant yield of Government securities*][*specify relevant swap rate*]
	– Relevant Financial Centre:	[London/Brussels/*specify other Relevant Financial Centre*]
	– Reference Currency:	[ ] (*only relevant for CMS Rate*)
	– Designated Maturity:	[ ] (*only relevant for CMS Rate*)
	– Specified Time:	[ ] in the Relevant Financial Centre
	– Interest Determination Date(s):	[ ] *(in the case of LIBOR (other than Sterling or euro LIBOR))*: [Second London business day

prior to the start of each Interest Period]

(in the case of Sterling LIBOR): [first day of each Interest Period]

(in the case of euro LIBOR or EURIBOR): [the second day on which the TARGET2 System is open prior to the start of each Interest Period]

(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]

(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: [ ]
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

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

– Disruption Fallbacks [*specify details in accordance with Condition 3*]

(ix) ISDA Determination: [Applicable]/[Not applicable]

– Floating Rate Option: [ ]

– Designated Maturity: [ ]

– Reset Date: [ ]

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

– Disruption Fallbacks [*specify details in accordance with Condition 3*]

(x) Difference in Rates: [Applicable]/[Not applicable]

– Rate 1: [ ]

–	Manner in which Rate 1 is to be determined:	[Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
–	Margin(s) applicable to Rate 1:	[Not applicable]/[[+/-] [ ] per cent. per annum]
–	Rate Multiplier applicable to Rate 1:	[Not applicable]/[[ ] per cent.]
Sub-paragraphs below to be completed if Rate 1 is a Reference Rate to be determined in accordance with Screen Rate Determination:		
–	Reference Rate(s):	[[ ] month [LIBOR/EURIBOR]]/ [SONIA] / [SOFR] / [*Insert Other Overnight Rate*] /[CMS Rate] /[*specify relevant yield of government securities*][*specify relevant swap rate*]
–	Relevant Financial Centre:	[London/Brussels/*specify other Relevant Financial Centre*]
–	Reference Currency:	[ ] (*only relevant for CMS Rate*)
–	Designated Maturity:	[ ] (*only relevant for CMS Rate*)
–	Specified Time:	[ ] in the Relevant Financial Centre [ ]
–	Interest Determination Date(s):	*(in the case of LIBOR (other than Sterling or euro LIBOR))*: [Second London business day prior to the start of each Interest Period] *(in the case of Sterling LIBOR):* [first day of each Interest Period] *(in the case of euro LIBOR or EURIBOR):* [the second day on which the TARGET2 System is open prior to the start of each Interest Period] *(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]

		(*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:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*) (*In the case of CMS Rate Linked Interest Note, specify relevant screen page and any applicable headings and captions*)
Sub-paragraphs below to be completed if Rate 1 is an ISDA Rate or a CMS Rate to be determined in accordance with ISDA Determination:		
–	Floating Rate Option:	[ ]
–	Designated Maturity:	[ ]
–	Reset Date:	[ ] *(In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)*
–	Rate 2:	[ ]
–	Manner in which Rate 2 is to be determined:	[Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
–	Margin(s) applicable to Rate 2:	[Not applicable]/[[+/-] [ ] per cent. per annum]
–	Rate Multiplier applicable to Rate 2:	[Not applicable]/[[ ] per cent.]
Sub-paragraphs below to be completed if Rate 2 is a Reference Rate to be determined in accordance with Screen Rate Determination:		

–	Reference Rate(s):	[[ ] month [LIBOR/EURIBOR]]/ [SONIA] / [SOFR] / [*Insert Other Overnight Rate*] /[CMS Rate] /[*specify relevant yield of Government securities*][*specify relevant swap rate*]
–	Relevant Financial Centre:	[London/Brussels/*specify other Relevant Financial Centre*]
–	Reference Currency:	[ ] (*only relevant for CMS Rate*)
–	Designated Maturity:	[ ] (*only relevant for CMS Rate*)
–	Specified Time:	[ ] in the Relevant Financial Centre
–	Interest Determination Date(s):	[ ] *(in the case of LIBOR (other than Sterling or euro LIBOR))*: [Second London business day prior to the start of each Interest Period] *(in the case of Sterling LIBOR):* [first day of each Interest Period] *(in the case of euro LIBOR or EURIBOR):* [the second day on which the TARGET2 System is open prior to the start of each Interest Period] *(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] (*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:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*) (*In the case of CMS Rate Linked Interest Note, specify relevant screen page and any applicable headings and captions*)
–	Disruption Fallbacks:	[*specify details in accordance with Condition 3*]

Sub-paragraphs below to be completed if Rate 2 is an ISDA Rate or a CMS Rate to be determined in accordance with ISDA Determination:

– Floating Rate Option: [ ]

– Designated Maturity: [ ]

– Reset Date: [ ]

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

(xi) Substitute Rate: [Applicable [*Specify the Substitute Rate, the relevant screen page and any spread adjustment, if applicable*]]/[Not applicable]

(xii) Linear Interpolation: [Not applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(xiii) Margin(s): [Not applicable]/[[+/-] [ ] per cent. per annum]

(xiv) Rate Multiplier: [Not applicable]/[[ ] per cent.]

(xv) Minimum Rate of Interest: [[ ] per cent. per annum]/[Not applicable]

(xvi) Maximum Rate of Interest: [[ ] per cent. per annum]/[Not applicable]

(xvii) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]/[Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]/[360/360]/[Bond Basis]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]
[Not applicable]

22. Call Interest Provisions: [Applicable]/[Not applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Underlying(s): [*specify name and details of the relevant*

		underlying(s)][*where different periods are envisaged, specify if the underlying will be the same for all the periods or will differ in relation to each period*][*in case of Baskets, specify the number of Basket Constituents and the Basket Constituent Weight, subject to the application of the Rainbow/Cliquet options*]
(ii)	Call Interest Period(s):	[ ]
	Call Interest Accrual Dates:	[ ]
(iii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
(iv)	Call Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Call Interest Payment Date is [ ].
(v)	Call Option:	[European]/[Asian]
(vi)	Participation Factor:	[Not applicable][ ]
(vii)	Margin:	[Not applicable]/[[+/-] [ ] per cent. per annum]
(viii)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
(ix)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
(x)	Knock-in Event:	[Applicable]/[Not applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Knock-in Level:	[ ] [Not applicable]
	Knock-in Range:	[ ] [Not applicable]
	Knock-in Observation Period:	[ ]
	Knock-in Observation Date(s):	[ ]
(xi)	Knock-out Event:	[Applicable]/[Not applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Knock-out Level:	[ ] [Not applicable]
	Knock-out Range:	[ ] [Not applicable]

	Knock-out Observation Period:	[ ]
	Knock-out Observation Date(s):	[ ]
(xii)	Formula for the calculation of the Call Performance:	[*Insert the formula for the calculation of the performance in accordance with Condition 3(a)(I-4)*]
	Initial Observation Date(s):	[ ]
	Interim Initial Observation Date(s):	[ ]
	Interim Final Observation Date(s):	[ ]
	Final Observation Date(s):	[ ]
	Multiplier Factor:	[Not applicable][ ]
	Cap:	[Not applicable][Applicable -]
	Floor:	[Not applicable][Applicable -]
	Weighting:	[Not applicable][ ]
(xiii)	Best Of Option:	[Applicable [*Specify details in accordance with Condition 3(a)(I)*]]/[Not applicable]
(xiv)	Worst Of Option:	[Applicable [*Specify details in accordance with Condition 3(a)(I)*]]/[Not applicable]
(xv)	Cliquet Option:	[Applicable [*Specify details in accordance with Condition 3(a)(I)*]]/[Not applicable]
(xvi)	Rainbow Option:	[Applicable [*Specify details in accordance with Condition 3(a)(I)*]]/[Not applicable] *(N.B.: only applicable if the Underlying is a Basket)*
(xvii)	Himalaya Option:	[Applicable [*Specify details in accordance with Condition 3(a)(I)*]]/[Not applicable] *(N.B.: only applicable if the Underlying is a Basket)*
	Himalaya Valuation Period(s):	[ ]
(xviii)	Information Source:	[ ][Not applicable]
(xix)	Provisions for the calculation of the Reference Value of the Underlying in the case of market disruption event or adjustment event or incorrect values published by the	[*Specify details in accordance with Condition 6*]

	Information Source:	
(xx)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [Not applicable]
23.	Put Interest Provisions:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Underlying(s)	[*specify name and details of the relevant underlying(s)*][*where different periods are envisaged, specify if the underlying will be the same for all the periods or will differ in relation to each period*][*in case of Baskets, specify the number of Basket Constituents and the Basket Constituent Weight, subject to the application of the Rainbow/Cliquet options*]
(ii)	Put Interest Period(s):	[ ]
	Put Interest Accrual Dates:	[ ]
(iii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
(iv)	Put Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Put Interest Payment Date is [ ].
(v)	Put Option:	[European]/[Asian]
(vi)	Participation Factor:	[Not applicable][ ]
(vii)	Margin:	[Not applicable]/[[+/-] [ ] per cent. per annum]
(viii)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
(ix)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
(x)	Knock-in Event:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

	Knock-in Level:	[ ] [Not applicable]
	Knock-in Range:	[ ] [Not applicable]
	Knock-in Observation Period:	[ ]
	Knock-in Observation Date(s):	[ ]
(xi)	Knock-out Event:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Knock-out Level:	[ ] [Not applicable]
	Knock-out Range:	[ ] [Not applicable]
	Knock-out Observation Period:	[ ]
	Knock-out Observation Date(s):	[ ]
(xii)	Formula for the calculation of the Put Performance:	[*Insert the formula for calculating the performance in accordance with Condition 3(a)(II-4)*]
	Underlying(s):	[ ]
	Initial Observation Date(s):	[ ]
	Interim Initial Observation Date(s):	[ ]
	Interim Final Observation Date(s):	[ ]
	Final Observation Date(s):	[ ]
	Multiplier Factor:	[Not applicable][ ]
	Cap:	[Not applicable][Applicable -]
	Floor:	[Not applicable][Applicable -]
	Weighting:	[Not applicable][ ]
(xiii)	Best Of Option:	[Applicable [*Specify details in accordance with Condition 3(a)(II)*]]/[Not applicable]
(xiv)	Worst Of Option:	[Applicable [*Specify details in accordance with Condition 3(a)(II)*]]/[Not applicable]
(xv)	Cliquet Option:	[Applicable [*Specify details in accordance with Condition 3(a)(II)*]]/[Not applicable]

	(xvi)	Rainbow Option:	[Applicable [*Specify details in accordance with Condition 3(a)(II)*]]/[Not applicable]
	(xvii)	Himalaya Option:	[Applicable [*Specify details in accordance with Condition 3(a)(II)*]]/[Not applicable]
		Himalaya Valuation Period(s):	
	(xviii)	Information Source:	[ ][Not applicable]
	(xix)	Provisions for the calculation of the Reference Value of the Underlying in the case of market disruption event or adjustment event or incorrect values published by the Information Source:	[*Specify details in accordance with Condition 6*]
	(xx)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [Not applicable]
24.	Digital Interest Provisions:		[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Digital Interest Period(s):	[ ]
		Digital Interest Accrual Dates:	[ ]
	(ii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
	(iii)	Digital Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Digital Interest Payment Date is [ ].
	(iv)	Digital Rate 1:	[ ]%
	(v)	Digital Rate 2:	[ ]%
	(vi)	Digital Condition:	[Single Performance Condition. The Single Performance Condition will be satisfied if the Performance of [*specify underlying/Basket*] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level][falls within the

Reference Range]]

[Podium Performance Condition. The Podium Performance Condition occurs when the Single Performance Condition has been satisfied at least in relation to [*insert number of underlyings/baskets*] [Underlyings/Baskets]. The Single Performance Condition occurs [[if the [Single Performance][Basket Performance] of at least [*specify number of underlying/Basket*] [Underlyings/Baskets] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range]]

[Spread Performance Condition. The Spread Performance Condition will be satisfied when the difference between the [Single Performance/Basket Performance] of [the Underlying 1/Basket 1] and the [Single Performance/Basket Performance] of [the Underlying 2/Basket 2] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range]]

[Single Reference Value Condition The Single Reference Value Condition will be satisfied when the Reference Value [on the relevant Digital Observation Date[s]] [at any time during a Digital Observation Period] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range]]

[Podium Reference Value Condition. The Podium Reference Value Condition will be satisfied when the Single Reference Value Condition has been satisfied, [on the relevant Digital Observation Date[s]] [at any time during a Digital Observation Period], at least in relation to [*insert number of underlyings/baskets*] [Underlyings/Baskets]. The Single Reference Value Condition is considered as satisfied[[if the Reference Value of at least [*specify number of underlying/Basket*] [Underlyings/Baskets] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range]]

[Spread Reference Value Condition. The

	Spread Performance Condition will be satisfied when the difference between the Reference Value of [the Underlying 1/Basket 1] and the Reference Value of [the Underlying 2/Basket 2] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range] [on the relevant Digital Observation Date[s]] [at any time during a Digital Observation Period]] [Single Best Performance Condition. The Single Best Performance Condition will be satisfied if the Best Performance of [Underlying/Basket] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range]. The Best Performance is the [*insert: first, or second, or third, etc., as the case may be*] highest performance of the [Underlying/Basket], selected by the Calculation Agent among the performances of the [Underlying/Basket] determined on the following periods: [*insert at least two periods*]] [Single Worst Performance Condition. The Single Worst Performance Condition will be satisfied if the Worst Performance of [Underlying/Basket] [is [higher than][lower than] [and][/][or] [equal to] the Barrier Level] [falls within the Reference Range]. The Worst Performance is the [*insert: first, or second, or third, etc., as the case may be*] worst performance of the [Underlying/Basket], selected by the Calculation Agent among the performances of the [Underlying/Basket] determined on the following periods: [*insert at least two periods*]]
Underlying(s):	[*specify name and details of the Underlying or the Underlyings (if Podium Conditions are applicable) or the Underlying 1 and Underlying 2 (if Spread Reference Value Conditions are applicable*)]
Formula for calculating the Performance:	[*Insert the formula for calculating the performance in accordance with Condition 3(a)(III)*]

	Barrier Level:	[[ ]][Not applicable]
	Reference Range:	[from [ ]% to [ ]%] [Not applicable]
	Multiplier Factor Weighting:	[ ][Not applicable]
	Initial Observation Date(s):	[ ]
	Interim Initial Observation Date(s):	[ ][Not applicable]
	Interim Final Observation Date(s):	[ ][Not applicable]
	Final Observation Date(s):	[ ][Not applicable]
	Digital Observation Date(s):	[ ][Not applicable]
	Digital Observation Period(s):	[ ][Not applicable]
	Information Source:	[ ][Not applicable]
	Provisions for calculating the Reference Value of the Underlying in the case of market disruption event or adjustment event or incorrect values published by the Information Source:	[*Specify details in accordance with Condition 6*]
(vii)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)]
(viii)	Memory Effect:	[Applicable]/[Not applicable] *(N.B.: only applicable when the Digital Rate is equal to zero as a result of the non-occurrence of the relevant condition)*
(ix)	Consolidation Effect:	[Applicable]/[Not applicable](*N.B.: not applicable if the Reload Effect is applicable*)
(x)	Reload Effect:	[Applicable]/[Not applicable](*N.B.: not applicable if the Consolidation Effect is applicable*)
25.	Range Accrual Interest Provisions:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i)	Range Accrual Interest Period(s):	[ ]
	Range Accrual Interest Accrual Dates:	[ ]
(ii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
(iii)	Range Accrual Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Range Accrual Interest Payment Date is [ ].
(iv)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
(v)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
(vi)	Underlying(s):	[*specify name and details of the underlying(s)*]
	Reference Period:	[ ]
	Information Source:	[ ][Not applicable]
	Provisions for calculating the Reference Value in the case of market disruption event or adjustment event or incorrect values published by the Information Source:	[*Specify details in accordance with Condition 6*]
(vii)	Fluctuation Range:	[ ]
(viii)	In Range Yield:	[ ]
	In Range Days:	[ ]
	Margin:	[Not applicable]/[[+/-] [ ] per cent. per annum]
(ix)	Out Range Yield:	[ ]
	Out Range Days:	[ ]
	Margin:	[Not applicable]/[[+/-] [ ] per cent. per annum]
(x)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360]

			[30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [Not applicable]
26.	Spread Interest Provisions:		[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Spread Interest Period(s):	[ ]
		Spread Interest Accrual Dates:	[ ]
	(ii)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
	(iii)	Spread Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Spread Interest Payment Date is [ ].
	(iv)	Participation Factor:	[Not applicable][ ]
	(v)	Multiplier Factor:	[Not applicable][ ]
	(vi)	Margin:	[Not applicable]/[[+/-] [ ] per cent. per annum]
	(vii)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
	(viii)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not applicable]
	(ix)	Formula for calculating the Spread:	[Reference Value of Underlying 1 - Reference Value of Underlying 2] [Performance of Underlying 1 - Performance of Underlying 2]]
		Underlying 1:	[*specify name and details of the relevant underlying*]
		Observation Date(s):	[ ][Not applicable]
		Initial Observation Date(s):	[ ][Not applicable]
		Interim Initial Observation Date(s):	[ ][Not applicable]
		Interim Final Observation Date(s):	[ ][Not applicable]
		Final Observation Date(s):	[ ][Not applicable]
		Information Source:	[ ][Not applicable]

	Provisions for calculating the Reference Value of the Underlying in the case of market disruption event or adjustment event or incorrect values published by the Information Source:	[*Specify details in accordance with Condition 6*]
	Underlying 2:	[*specify name and details of the relevant underlying*]
	Observation Date(s):	[ ][Not applicable]
	Initial Observation Date(s):	[ ][Not applicable]
	Interim Initial Observation Date(s):	[ ][Not applicable]
	Interim Final Observation Date(s):	[ ][Not applicable]
	Final Observation Date(s):	[ ][Not applicable]
	Information Source:	[ ][Not applicable]
	Provisions for calculating the Reference Value of the Underlying in the case of market disruption event or adjustment event or incorrect values published by the Information Source:	[*Specify details in accordance with Condition 6*]
(x)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [Not applicable]
27. Zero Coupon Note Provisions:		[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Accrual Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]
(iii)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360]/[Actual/360]/[Actual/365]
28. Change of Interest Basis Provisions:		[Applicable]/[Not applicable]

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

(*N.B. To be completed in addition to above paragraphs (as appropriate) if any change of interest basis occurs*)

(i) Issuer's Switch Option: [Applicable]/[Not applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(ii) Switch Option: [*specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies* (*N.B. The Issuer must give notice of the exercise of the Switch Option to Noteholders on or prior to the relevant Switch Option Expiry Date*)]

(iii) Switch Option Expiry Date: [ ]

(iv) Switch Option Effective Date(s): [ ]

29. Global Cap: [[ ] per cent.]/[Not applicable]

30. Global Floor: [[ ] per cent.]/[Not applicable]

PROVISIONS RELATING TO REDEMPTION

31. Issuer Call: [Applicable]/[Not applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

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

(ii) Optional Redemption Amount: [[ ] per Calculation Amount]

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [ ]

(b) Maximum Redemption Amount: [ ]

(iv) Notice period: [ ]
(*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems as well as any other notice*

			requirements which may apply, for example, as between the Issuer and the Agent.)
32.	Investor Put:		[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount:	[[ ] per Calculation Amount]
	(iii)	Notice period :	[ ] (*N.B. the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems [and custodians] as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent. The notice period will not be shorter than 5 (five) Business Days prior to the exercise of the right to require redemption/sale of the Notes*)
33.	Mandatory Early Redemption:		[Applicable]/[Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Mandatory Early Redemption Amount(s):	[ ](*N.B.: the Mandatory Early Redemption Amount shall not be less than the Issue Price*)
	(ii)	Mandatory Early Redemption Payment Date(s):	[ ]
	(iii)	Mandatory Early Redemption Event(s):	[*Specify whether the Mandatory Early Redemption Event depends upon the Reference Value of the Underlying, or the performance of the Underlying, or the Spread between the performance of Underlying 1 and Underlying 2, being higher than, lower than and/or equal to the Mandatory Early Redemption Level.*]
		Mandatory Early Redemption Level(s):	[ ]
		Underlying(s):	[ ]
		Multiplier Factor:	[Not applicable][ ]
		Weighting:	[Not applicable][ ]

	Mandatory Early Redemption Valuation Period(s):	[ ]
	(a) Mandatory Initial Observation Date(s):	[ ][Not applicable]
	(b) Mandatory Interim Initial Observation Date(s):	[ ][Not applicable]
	(c) Mandatory Interim Final Observation Date(s):	[ ][Not applicable]
	(d) Mandatory Final Observation Date(s):	[ ][Not applicable]
	Information Source(s):	[ ][Not applicable]
	Provisions for calculating the Reference Value of the Underlying in the case of market disruption event or adjustment event or incorrect values published by the Information Source:	[*Specify details in accordance with Condition 6*]
34.	Final Redemption Amount of each Note:	[[ ] per Calculation Amount]
35.	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(v)):	[[ ]/per Calculation Amount] (*N.B. for all Notes attention should be given as to how accrued interest should be included in the computation of the Early Redemption Amount (if at all)*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

36.	Form of Notes:	
	(a) Form of Notes:	[[Permitted for TEFRA D Notes, TEFRA C Notes, and Bearer Notes to which TEFRA does not apply - Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Permitted for TEFRA C Notes and Notes to which TEFRA Rules are not applicable - Permanent Bearer Global Note exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange

		Event]]]
		[CREST Depository Interests (**CDIs**) representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited (**CREST**)] (*N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes*.) [Registered Global Note (US$/€[ ] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Registered Notes in definitive form (*specify nominal amounts*)]
	(b) New Global Note:	[Yes/No]
37.	Additional Financial Centre(s)	[Not applicable/*give details*] (*Note that this paragraph relates to the place of payment and not to Interest Payment Dates*)
38.	Talons for future Coupons to be attached to definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.][Not applicable]
39.	Prohibition of Sales to Retail Investors:	[Applicable. The Securities 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 (the "**EEA**")] [and] [*Insert jurisdiction(s)* [•].] [*Insert any other selling restriction* [•]]. [The Notes are only intended to be offered,

	sold or otherwise made available to investors via the professional segment of [the regulated market of the Luxembourg Stock Exchange]/[the Euro MTF Market]/[•].] [Not applicable] (*If the Notes clearly do not constitute "packaged" products, "Not applicable" should be specified. If the Notes may constitute "packaged" products or constitute "packaged" products but will be offered to qualified investors only and no key information document will be prepared, "Applicable" should be specified.*)
[Additional selling restrictions[5]:]	[The following selling restrictions shall apply in addition to the selling restrictions set forth in the Base Prospectus: [•]]

[THIRD PARTY INFORMATION

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

[Signed on behalf of Intesa Sanpaolo S.p.A.:

By: .....
Duly authorised]

[5] Only applicable if the Notes are not intended to be offered to retail investors.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

i.	Listing:	[Application [[has] [may] [will]] [also] [been] [be] made][is expected to be made in] [Luxembourg – Official List of the Luxembourg Stock Exchange] [and] [Austria] [Croatia] [Hungary] [Ireland] [Republic of Italy] [Slovak Republic] [Slovenia] [None]
ii.	Admission to trading	[Application [[has] [may] [will]] [also] [been] [be] made][is expected to be made] for the Notes to be admitted to trading on [*specify details of the relevant market/trading venue in Luxembourg/ Austria/ Croatia/ Ireland/ Republic of Italy/Hungary/ Slovak Republic/ Slovenia/ as the case may be*] with effect from [ ]. (*specify all the relevant markets / trading venues - if more than one - by enlisting them in different paragraphs*)]. [[After the Issue Date] [A][a]pplication may be made by the Issuer (or on its behalf) to list the Notes on such further or other stock exchanges or regulated markets or to admit to trading on such other trading venues (including without limitation multilateral trading facilities) as the Issuer may decide.] [Not applicable.] [*Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading*] [Only qualified investors, as defined in Article 2 (e) of the Prospectus Regulation, are allowed to purchase the Securities on the [•].]
iii.	Estimate of total expenses related to admission to trading:	[ ]*

2. RATINGS

[*The following provisions are only applicable if credit ratings have been specifically assigned to the Notes*]

Ratings:	At the date of these Final Terms, the Issuer is rated *[insert details]* by *[insert credit rating agency name(s)]*. [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]

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

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

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation, [EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] OR: [although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant non-EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the

USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

[Not applicable. No ratings have been assigned to the Notes at the request of or with the cooperation of the Issuer in the rating process.]

3. NOTIFICATION

[Not applicable.]

[The CSSF [has been requested to provide/has provided] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.]]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[[Save for any commission payable to the Manager[s],] [and costs payable to the Issuer] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests. In the event that the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, include a reference to the risk factor "Calculation Agent's Discretion and Conflicts of Interest"]*

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

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

[(i) Reasons for the offer and use of proceeds:	[ ] (*See "Use of Proceeds" wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks (for example for a Green Bond, a Social Bond, a Climate Bond or an issuance of a Sustainability Bond) will need to include those reasons here.*)]**
[(i)/(ii)] Estimated net proceeds:	[ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)**
[(i)/(ii)/(iii)] Estimated total expenses:	[ ]. [*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses"*]**

6. **YIELD** (*Fixed Rate Notes and Fixed Reset Rate Notes only*)

Indication of yield: [ ] [Not applicable]

7. **PERFORMANCE OF RATES** (for Notes bearing *Floating Rate Interests only*)**

[Applicable] [Not applicable]

[Details of performance of [•] rate can be obtained, [but not] free of charge, from [Reuters/Bloomberg/*give details of electronic means of obtaining the details of performance*].]

8. **INFORMATION CONCERNING THE UNDERLYING(S)**

[Applicable] [Not applicable]

[*Need to include details of the Underlying, the relevant ISIN code (if applicable), the relevant Information Source, as well as the Index Sponsor (in the case of indices) and where information about it can be obtained, where past and future performance and volatility of the Underlying can be obtained and the relevant Basket Constituent in case of Baskets*]

[*Need to include index disclaimer in case of index as Underlying.*]

9. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
[(iii)]	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s):	[Not applicable/give name(s) and number(s)] [The Notes will settle in Euroclear Bank S.A./N.V. and Clearstream Banking, S.A.. The Notes will also be made eligible for CREST via the issue of CDIs representing the Notes]
[(iv)]	Delivery:	Delivery [against/free of] payment
[(v)]	Names and addresses of additional Paying Agent(s) (if any):	[ ] [Not applicable]
[(vi)]	Name(s) and address(es) of Listing Agent(s) *(only applicable for Listing Agent(s) other than the Luxembourg Listing Agent*:	[ ] [Not applicable]
[(vii)]	Intended to be held in a manner which would allow Eurosystem	[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 registered

	eligibility:	in the name of a nominee of one of the ICSDs acting as common safekeeper, that is held under the new safekeeping structure (**NSS**))] *[include this text for registered notes which are to be held under the NSS]*] 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 [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is held under the new safekeeping structure (**NSS**))] *[include this text for registered notes which are to be held under the NSS]*]. 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.]

10. DISTRIBUTION

(i)	If syndicated, names [and addresses]** of Managers [and underwriting commitments]**:	[Not applicable/give names [*and addresses and underwriting commitments*] **] (*Including 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 and an indication of the material features of the agreements, including, where applicable, the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Also provide an indication of the placing commission*)**
(ii)	Date of [Subscription] Agreement**:	[ ]
(iii)	Stabilisation Manager (if	[Not applicable/give name [*and address, if not provided*

	any):	*under above paragraph*]**]
(iv)	If non-syndicated, name [and address]** of relevant Manager, if applicable:	[Not applicable/*give name* [*and address*]**]
(v)	Total commission and concession**:	[[ ] per cent, of the Aggregate Nominal Amount] [*specify other*]**
(vi)	US Selling Restrictions:	[Reg. S compliance category 2]; [TEFRA D/TEFRA C/TEFRA not applicable]
(vii)	Public Offer:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining placeholders of this paragraph (vii) and also paragraph 11 below*)
Public Offer Jurisdictions:		[Grand Duchy of Luxembourg] [and] [Republic of Ireland] [and] [Republic of Italy] [and] [Hungary] [and] [Slovak Republic] [and] [Croatia] [and] [Austria] [and] [Republic of Slovenia]
Offer Period:		[*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter*"]
Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it:		[*insert names and addresses of financial intermediaries receiving consent (specific consent)*]
General Consent:		[Not applicable][Applicable]
Other Authorised Offeror Terms:		[Not applicable][*Add here any other Authorised Offeror Terms*]. (*Authorised Offeror Terms should only be included here where General Consent is applicable.*) (*N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a public offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Public offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified/passported*.)

11. TERMS AND CONDITIONS OF THE OFFER**

(*Delete whole section if sub-paragraph 10(vii) above is specified to be Not applicable because there is*

no Public Offer)

Offer Price:	[Issue Price/Not applicable/*specify*]
Conditions to which the offer is subject:	[Not applicable/*give details*]
The time period, including any possible amendments, during which the offer will be open:	See Offer Period specified in paragraph 10 of PART B above.
Description of the application process:	[Not applicable/*give details*]
Details of the minimum and/or maximum amount of the application:	[Not applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding amounts paid in excess by applicants:	[Not applicable/*give details*]
Details of the method and time limits for paying up and delivering the Notes:	[Not applicable/*give details*]
Manner in and date on which results of the offer are to be made public:	[Not applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not applicable/*give details*]
Whether tranche(s) have been reserved for certain countries:	[Not applicable/*give details*]
Process for notifying to applicants of the amount allotted and an indication whether dealing may begin before notification is made:	[Not applicable/*give details*]
Amount of any expenses and taxes charged to the subscriber or purchaser:	[Not applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[The Authorised Offerors identified in paragraph 10 of PART B above and identifiable from the Base Prospectus/None/*give details*].

Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment:	[[*specify*] will be appointed as registered market maker[s] when the Notes are issued./None/*give details*] [The Issuer will publish [on every Business Day] [on his website] an indicative value of the Notes, [taking into consideration [●]] [pursuant to the following determination method: [●]].

Notes:

*** Delete if minimum denomination is less than €100,000 (or its equivalent in the relevant currency as at the date of issue)**

**** Delete if minimum denomination is €100,000 (or its equivalent in the relevant currency as at the date of issue)**

APPLICABLE FINAL TERMS - ISSUE SPECIFIC SUMMARY OF THE NOTES

[*Insert completed issue specific summary of the Notes, unless minimum denomination is equal to or greater than EUR 100,000 (or its equivalent in another currency)*]]

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes (the **Conditions**), which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and specified by the Issuer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to* "Form of the Notes" *for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Intesa Sanpaolo S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

(ii) in relation to any Notes represented by a Note in global form (a **Global Note**, which term shall include any Bearer Global Note or Registered Global Note), units of each Specified Denomination in the Specified Currency;

(iii) any Global Note; and

(iv) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated on or about [●] 2021 and made between the Issuer, Société Générale Luxembourg in its capacity as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor agent), transfer agent (**Transfer Agent)** and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and Société Générale Luxembourg as registrar (the **Registrar**, which expression shall include any successor registrar). The Principal Paying Agent, Registrar and Transfer Agent are referred together as the **Agent**.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and complete these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** or **relevant Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects

(including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated on or about [●] 2021 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent and the other Paying Agent (such Agents being together referred to as the **Agents**). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and the specified offices of the Paying Agents and copies may be obtained during normal business hours at the specified office of each of the Agents save that, if this Note is neither listed on a stock exchange nor admitted to trading on any market, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the Luxembourg Stock Exchange Regulated Market, the Final Terms will be published on the website of Luxembourg Stock Exchange. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

In these Terms and Conditions:

General Definitions

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

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate if no such recommendation has been made, or in the case of an Alternative Benchmark Rate, the Independent Adviser determines is customarily applied to the relevant Successor Rate or Alternative Benchmark Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(iii) if no such recommendation has been made, the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which

reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as the case may be); or

(iv) if the Independent Adviser determines that no such industry standard is recognised or acknowledged, the Independent Adviser determines (acting in good faith and in a commercially reasonable manner) to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Benchmark Rate (as the case may be).

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

Amortised Face Amount means, in relation to Zero Coupon Notes, an amount calculated in accordance with the following formula:

$$\mathrm{RP} \times \left(1 + \mathrm{AY}\right)^{\mathrm{y}}$$

where:

RP means the Reference Price; and

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

Basket means, in relation to Structured Rate Interest Amounts and Mandatory Early Redemption Amounts, a portfolio composed of two or more financial reference assets (each a **Basket Constituent**) from among those set out in the definition of Underlying below as specified in the relevant Final Terms;

Basket Calculation means, in relation to Structured Rate Interest Amounts and Mandatory Early Redemption Amounts, the method used in order to determine the value of the Basket, where, at any time, the value of the Basket will be equal to the sum of the Reference Values of the Basket Constituent at such time, divided by the Reference Value of the Basket Constituent at time "0" which will be the Initial Observation Date, and multiplied by the relevant Basket Constituent Weight in accordance with the following formula:

$$Basket_t = \sum_{i=1}^{n} \frac{C_t^i}{C_0^i} \times W^i$$

Where:

"$Basket_t$" is the Reference Value of Basket at time "t",

"C_t^i" is the Reference Value of Basket Constituent "i" at time "t";

"C_0^i" is the Reference Value of Basket Constituent "i" at time "0";

"W^i" is the weighting of Basket Constituent "i"; and

"n" is the number of the Basket Constituents,

provided that, if there are two or more Interim Initial Observation Dates, the values of the Basket Constituents at time "0" will correspond to the arithmetic mean of the relevant values of each Basket Constituent determined on such Interim Initial Observation Dates. The Initial Reference Value of the Basket will be equal, by definition, to 1;

Basket Constituent Weight means the weighting of each Basket Constituent within the Basket, expressed as a percentage specified in the applicable Final Terms from time to time in relation to the single issue;

Bearer Global Note means a global note (temporary (a **Temporary Global Note**) or permanent) in bearer form;

Benchmark Event means:

(i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Reference Rate (as applicable) that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying; or

(vi) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, the adoption of a decision to withdraw the authorization or registration as set out in Article 35 of the Benchmark Regulation or other provisions under the Benchmark Regulation, if applicable);

Unless otherwise specified in the relevant Final Terms, the change of the Reference Rate methodology does not constitute a Benchmark Event. In the event of a change in the formula and/or (mathematical or other) methodology used to measure the Relevant Benchmark, reference shall be made to the Reference Rate based on the formula and/or methodology as changed;

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

Business Day means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(b) either:

(i) in relation to any sum payable in a Specified Currency or, as the case may be, Payment Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Principal Financial Centre of the country of the relevant Specified Currency or, as the case may be, Payment Currency; or

(ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

Clearstream, Luxembourg means Clearstream Banking, S.A..

CMS Reference Banks means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers 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 leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent (or selected by the Issuer, if the Calculation Agent is the Principal Paying Agent).

Day Count Fraction means:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant Interest Period is equal to or shorter than the Determination Period during which the relevant Interest Period ends, the number of days in such Interest Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Interest Period is longer than the Determination Period during which the Interest Period ends, the sum of:

(A) the number of days in such Interest Period falling in the Determination Period in which the Interest Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Interest Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Interest Period

falling in a non-leap year divided by 365);

(c) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(d) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(e) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(f) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms,:

(i) the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; or

(ii) in the case of Notes bearing Fixed Rate Interest only, if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Accrual Date (or, if none, the Interest Commencement Date) to (but excluding) the next relevant accrual date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(g) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(h) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D_2 will be 30;

Determination Date means the date(s) specified in the applicable Final Terms;

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

EURIBOR means the Euro-zone inter-bank offered rate;

Euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Euroclear means Euroclear Bank S.A./N.V;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense;

Index Sponsor means, in relation to an index Underlying, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such index and (b) announces (directly or through an agent) the level of such index on a regular basis during each Business Day, which as of the Issue Date is the index sponsor specified for such index in the applicable Final Terms;

Information Source means, in relation to Structured Rate Interest Amounts and Mandatory Early Redemption Amounts, the information source that publishes the reference value of the Underlying. The Information Source will be specified in the relevant Final Terms and may include, without limitation, third-party information providers (such as Bloomberg or Reuters), a supervisory authority or a central bank, a regulated market or other trading venue manager or a third-party intermediary.

Interest Accrual Date(s) means, in relation to a Fixed Rate (the **Fixed Interest Accrual Date**), or in relation to a Fixed Reset Rate (the **Fixed Reset Interest Accrual Date**), or in relation to a Floating Rate (**the Floating Interest Accrual Date**), or in relation to a Call Interest Amount (the **Call Interest Accrual Date**), or in relation to a Put Interest Amount (the **Put Interest Accrual Date**), or in relation to a Digital Interest Amount (the **Digital Interest Accrual Date**), or in relation to a Range Accrual Interest Amount (the **Range Accrual Interest Accrual Date**), or in relation to a Spread Interest Amount (the **Spread Interest Accrual Date**), the date(s) specified as such in the relevant Final Terms.

Interest Commencement Date means the date specified as such in the applicable Final Terms.

Interest Payment Date means one or more Business Day(s), specified in the applicable Final Terms, on which the Issuer shall pay, in arrear the Fixed Coupon Amounts (the **Fixed Interest Payment Date**), the Fixed Reset Interest Amounts (the **Fixed Reset Interest Payment Date**), the Floating Interest Amounts (the **Floating Interest Payment Date**), the Call Interest Amounts (the **Call Interest Payment Date**), the Put Interest Amounts (the **Put Interest Payment Date**), the Digital Interest Amounts (the **Digital Interest Payment Date**), the Range Accrual Interest Amounts (the **Range Accrual Interest Payment Date**) and the Spread Interest Amounts (the **Spread Interest Payment Date**);

Interest Period means, in relation to a Fixed Rate (the **Fixed Interest Period**), or in relation to a Fixed Reset Rate (the **Fixed Reset Interest Period**), or in relation to a Floating Rate (the **Floating Interest Period**), or in relation to a Call Interest Amount (the **Call Interest Period**), or in relation to a Put Interest Amount (the **Put Interest Period**), or in relation to a Digital Interest Amount (the **Digital Interest Period**), or in relation to a Range Accrual Interest Amount (the **Range Accrual Interest Period**), or in relation to a Spread Interest Amount (the **Spread Interest Period**), the period beginning on (and including) the immediately preceding Interest Accrual Date (or, failing this, the Interest Commencement Date) and ending on (but excluding) the Interest Accrual Date (or, in case of Fixed Reset Rate Interest, the next Reset Date) of the relevant interest amount;

Italian Bail-in Power means any write-down, conversion, transfer, modification, or suspension power

existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to (i) the transposition of the BRRD (including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time; and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period);

Italian Resolution Authority means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer acting in its capacity as resolution authority within the meaning of Article 2(18) of the BRRD;

LIBOR means the London inter-bank offered rate;

Long Maturity Note means a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

Luxembourg Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Luxembourg.

Nominal Amount means the nominal amount of a Note as specified in the applicable Final Terms;

MREL Disqualification Event means, in relation to Notes that qualify as MREL eligible liabilities in the applicable Final Terms, the event occurring if, at any time, 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, all or part of the aggregate outstanding nominal amount of such Notes is or will be excluded fully or partially from the eligible liabilities available to meet the MREL Requirements provided that:

(i) the exclusion of a Series of such Notes from 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;

(ii) 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 a prescribed exception to the otherwise applicable general requirements for eligible liabilities (to the extent applicable to Intesa Sanpaolo and/or the Group) does not constitute a MREL Disqualification Event; and

(iii) the exclusion of all or some of a Series of such Notes from the MREL Requirements as a result of such Notes being purchased by or on behalf of Intesa Sanpaolo or as a result of a purchase which is funded directly or indirectly by Intesa Sanpaolo, does not constitute a MREL Disqualification Event;

MREL Requirements means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities applicable to Intesa Sanpaolo and/or the Group, from time to time (including any applicable transitional provisions), including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities adopted by the Republic of Italy, a Relevant Authority or the European Banking Authority from time to

time (whether or not such requirements, guidelines or policies are applied generally or specifically to Intesa Sanpaolo and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

Other Overnight Rate means an overnight risk free rate other than SONIA and SOFR, appearing on the agreed screen page of a commercial quotation service, which may be specified as the Reference Rate for Notes bearing Floating Rate Interests;

Payment Day means any day which (subject to Condition 10) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre specified in the applicable Final Terms; and

(b) either:

(i) in relation to any sum payable in a Specified Currency or, as the case may be, Payment Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or, as the case may be, Payment Currency (which if the Specified Currency or, as the case may be, Payment Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively); or

(ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

Principal Financial Centre means, as applicable, the capital city of the country issuing the Specified Currency or the capital city of the country to which the LIBOR Currency relates; provided, however, that with respect to United States Dollars, Australian dollars or New Zealand dollars, the Principal Financial Center shall be New York, Sydney; and Auckland, respectively;

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

(i) (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) include a ranking at least equal to that of the Notes that qualify as eligible liabilities; (C) have the same Rate of Interest and the same Interest Payment Dates as those from time to time applying to the Notes that qualify as eligible liabilities; (D) have the same redemption rights as the Notes that qualify as eligible liabilities; (E) preserve any existing rights under the Notes that qualify as eligible liabilities to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation; (F) are assigned (or maintain) the same or higher solicited credit ratings as were assigned to the Notes immediately prior to such variation or substitution, unless any downgrade is solely attributable to the effectiveness and enforceability of Condition 21 (Acknowledgment of the Italian Bail-in Power); and (G) other than in respect of the effectiveness and enforceability of Condition 21 (Acknowledgment of the Italian Bail-in Power), have terms not materially less favourable to a holder of the Notes that qualify as eligible liabilities, certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing which is independent of the Group,

than the terms of the Notes that qualify as eligible liabilities; and

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

Reference Banks means the bank(s) specified in the applicable Final Terms or, if none, four major banks selected by the Issuer or an agent appointed by the Issuer in the market that is most closely connected with the Reference Rate;

Reference Rate means the reference rate specified as such in the applicable Final Terms;

Registered Global Note means a global note in registered form;

Regulation S means Regulation S under the Securities Act;

Relevant Authority means the European Central Bank, the Bank of Italy, or any successor authority having responsibility for the prudential supervision of the Issuer or the Group within the framework of the Single Supervisory Mechanism set out under Council Regulation (EU) No. 1024/2013 and in accordance with the applicable MREL Requirements and/or, as the context may require, the Italian resolution authority, the Single Resolution Board established pursuant to Regulation (EU) No. 806/2014, and/or any other authority in Italy or in the European Union entitled to exercise or participate in the exercise of the Italian Bail-in Power or having primary responsibility for the prudential oversight and supervision of Intesa Sanpaolo from time to time;

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15;

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable): (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

Relevant Regulations means any requirements contained in the regulations, rules, guidelines and policies of the competent authority or the Relevant Resolution Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including any applicable transitional provisions), (including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, CRD IV, CRR, the BRRD and the SRMR, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority);

Relevant Financial Centre means the relevant financial centre specified in the applicable Final Terms;

Securities Act means the United States Securities Act of 1933, as amended;

SOFR means, in respect of any Relevant Business Day, a reference rate equal to the daily Secured Overnight Financing Rate for such Relevant Business Day as provided by the Federal Reserve Bank of

New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case at or about 5.00 p.m. (New York City time) on the Relevant Business Day immediately following;

SONIA means, in respect of any Relevant Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Relevant Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in each case on the Relevant Business Day immediately following**;**

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

Successor Rate means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser (with the Issuer's agreement) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body;

Substitute Rate means the reference rate that may be specified in the applicable Final Terms;

TARGET2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System;

Treaty means the Treaty establishing the European Community, as amended;

Underlying means, in relation to Structured Rate Interest Amounts and/or Mandatory Early Redemption Amounts, the financial asset specified in the Final Terms for the purposes of the determination of a Structured Rate Interest and/or the occurrence of a Mandatory Early Redemption Event.

The Underlying(s) will be specified in the applicable Final Terms and will be one or more of the following: shares, indexes (which will not be an index composed by the Issuer or any legal entities of the group), commodities, commodity futures contracts, exchange rates, inflation rates, interest rates, funds, swap rates and Baskets composed of the aforementioned financial assets.

The relevant Final Terms will specify, in relation to the applicable Underlying, the ISIN code (if applicable), the relevant Information Source, details of where the information about the Underlying can be obtained, as well as the Index Sponsor (in the case of indices).

The Underlyings may be the same until the Maturity Date (and identical for all the Interest Periods and/or the Mandatory Early Redemption Valuation Periods) or differ in relation to each Interest Period and/or Mandatory Early Redemption Valuation Period as specified in the Final Terms;

1. FORM, DENOMINATION AND TITLE

(a) ***Form, Denomination and Title***

The Notes are in bearer form (**Bearer Notes**) or registered form (**Registered Notes**) and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Registered Notes may not be exchanged for Bearer Notes or an interest therein and *vice versa*. For any Note, the applicable Final Terms may specify whether such Note is a Dual Currency Interest Note and/or a Dual Currency Redemption Note (together, **Dual Currency Notes**).

The Notes will be issued in such denominations specified by the Issuer in the applicable Final Terms, provided that the minimum denomination of each Note admitted to trading on an exchange within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be EUR 1,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency).

For any Note, the applicable Final Terms will specify whether such Note is a Fixed Rate Note, a Fixed Reset Rate Note, a Floating Rate Note, a Zero Coupon Note, a Structured Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note may be a non-interest bearing Note, if specified as such in the applicable Final Terms.

Definitive Bearer Notes are issued with coupons for the payment of interest (**Coupons**) attached, unless they are Zero Coupon Notes or non-interest bearing Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable, and, if applicable, talons for further Coupons (**Talons**) attached.

Subject as set out below, title to Bearer Notes and the Coupons will pass by delivery and title to Registered Notes will pass upon registration of transfers in the Register (as defined below) and surrender of the Bearer Notes in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraphs.

The Issuer has appointed the Registrar at its office specified below to act as registrar of the Registered Notes. The Issuer shall cause to be kept at the specified office of the Registrar for the time being at 60 avenue J.F. Kennedy L-2085 Luxembourg, a register (the **Register**) on which shall be entered, *inter alia*, the name and address of the holder entitled to payments of principal and stated interest on the Registered Notes, the amount and type of the Registered Notes held by each holder and particulars of all transfers of title to the Registered Notes. The entries in the Register shall be conclusive absent manifest error and the Issuer and the Agents may treat the person whose name is recorded in the Register pursuant to the Terms and Conditions as the holder of such Notes for purposes of the payment of principal or interest on such Notes.

For so long as any of the Notes is represented by a Bearer Global Note or a Registered Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of

manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder (as shown in the Register) of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

(b) ***Transfers of Registered Notes***

(i) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected only through the book-entry system maintained by Euroclear, or Clearstream, Luxembourg as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be and in accordance with the terms and conditions specified in the Agency Agreement.

(ii) Transfers of Registered Notes in definitive form

Subject as provided in paragraph (v) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, and upon being satisfied with the documents of title and the identity of the person making the request, enter the name of the transferee of the definitive Registered Notes in the Register as the noteholder of the Registered Notes. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the

authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 5, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(iv) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(v) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time. Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Registered Global Note may be made to a transferee in the United States or who is a U.S. person under Regulation S (or for the account or benefit of such person) only pursuant to an exemption from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any State of the US or any other jurisdiction.

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Notes.

(c) ***Transfers of Bearer Notes***

For so long as the Bearer Notes are represented by a Bearer Global Note, all transactions (including transfers of Notes) in the open market or otherwise must be effected through an account with Euroclear, or Clearstream, Luxembourg, as the case may be, subject to and in accordance with the rules and procedures for the time being of Euroclear, or Clearstream, Luxembourg, as the case may be.

Any transfer or attempted transfer of Bearer Notes within the United States or its possessions or to, or for the account or benefit of, a United States person in violation of the TEFRA Rules (as defined in General Description of the Programme: Form of Notes) shall be null and void *ab initio* and shall vest no rights in the purported transferee (the "**Disqualified Transferee"**), and the last preceding holder that was not a Disqualified Transferee shall be restored to all rights as a noteholder thereof retroactively to the date of transfer of such interest by the relevant noteholder.

2. STATUS OF THE NOTES

The Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Notes that are intended to be eligible for the purposes of the minimum requirement for own funds and eligible liabilities ("**MREL**") are subject to certain restrictions which will increase in the future – following the full applicability of the relevant provisions arising from the MREL Requirements.

In particular, in relation to Series of Notes issued in order to satisfy the MREL Requirements:

(i) the Noteholders unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which they might otherwise have under the laws of any jurisdiction or otherwise in respect of such Notes;

(ii) claims arising from such Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of the claims by the Issuer or by other entities related to the Issuer;

(iii) to the extent that the Issuer intends to qualify Series of Notes as eligible liabilities in accordance with article 45c paragraph 2 lett. b) of the BRRD II and 12c paragraph 2 lett. b) of the SRMR II, the value of the claim arising from such Series of Notes in cases of the insolvency and of the resolution of the Issuer is fixed or increasing, and does not exceed the initially paid-up amount of Notes, under all relevant laws and regulations amended from time to time, which are and will be applicable to the Issuer.

(iv) for the avoidance of doubt, there is no negative pledge in respect of the Notes.

3. INTEREST PROVISIONS

The applicable Final Terms will indicate whether the Notes are Structured Rate Notes, Fixed Rate Notes, Fixed Reset Rate Notes, Floating Rate Notes, Zero Coupon Notes, or any combination of the foregoing. The applicable Final Terms may also indicate that the Notes are Dual Currency Interest Notes.

Where the Notes are specified to be Structured Rate Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(a) below. Where the Notes are specified to be Fixed Rate Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(b) below. Where the Notes are specified to be Floating Rate Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(c) below.

Where the Notes are specified to be Fixed Reset Rate Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(d) below.

Where the Notes are specified to be any combination of the foregoing, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(a), Condition 3(b), Condition 3(c) or Condition 3(d) below, each applicable for the relevant periods specified in the applicable Final Terms.

*Where the Notes are specified to be Dual Currency Interest Notes, all payments of interest in respect of the Notes shall be made in a currency (the **Payment Currency**) other than the Specified Currency. The relevant rate of exchange of the Specified Currency into the Payment Currency (such rate of exchange, the **Reference Exchange Rate**) shall be determined in accordance with Condition 7 below.*

(a) Structured Rate Interest

This Condition 3(a) applies to Notes bearing Structured Rate Interest only. The applicable Final Terms contains provisions applicable to the determination of structured rate interest and must be read in conjunction with this Condition 3(a) for full information on the manner in which interest is calculated on the Notes. The applicable Final Terms will specify the Interest Period, the Interest Commencement Date, the Rate(s) of Interest (where Digital Interest is applicable), the Interest Amount(s) (where one of the following, as described below, is applicable: Call Interest, Put Interest, Range Accrual Interest and Spread Interest), the Interest Payment Date(s), the Interest Accrual Dates, the Day Count Fraction and the Business Day Convention. The Rate of Interest may be specified in the applicable Final Terms either (x) as the same Rate of Interest for all Interest Periods or (y) as a different Rate of Interest in respect of one or more Interest Periods. Notes may also provide for a Maximum Rate of Interest (also referred to as the ***Maximum Rate****) or a Minimum Rate of Interest (also referred to as the* ***Minimum Rate****), determined in accordance with Condition 3(i) below.*

Interest calculated by reference to a structured rate (**Structured Rate Interest**) will be payable in respect of each Interest Period as set out in this Condition (a).

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

(1) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(2) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(3) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Where the Business Day Convention is specified in the applicable Final Terms as being "Not applicable", the relevant date shall not be adjusted in accordance with any Business Day Convention.

I. CALL INTEREST

I-1: For the purposes of this sub-paragraph I:

Best Of Option means (i) where there is a single Underlying or Basket, the method by which the Calculation Agent selects the Best Of value, being the first, the second or the third and so forth (as specified in the applicable Final Terms), as the case may be, best performance of such Underlying or Basket amongst those determined in two or more periods specified in the applicable Final Terms; or (ii) where there are two or more Underlyings, or two or more Baskets, the method by which the Calculation Agent selects the Best Of Underlying or Basket, as the case may be, being the Underlying or Basket with the first, the second or the third and so forth (as specified in the applicable Final Terms) best performance compared with the other Underlyings or Baskets, as the case may be;

Call Interest Amount means the interest amount determined in the manner set out in this paragraph I;

Call Interest Payment Date means one or more Business Day(s), specified in the applicable Final Terms, on which the Issuer shall pay in arrear the relevant Call Interest Amount;

Call Option means an option that provides exposure to the performance of an Underlying, calculated as a single value (a **European Call Option**) or calculated as an arithmetic mean (an **Asian Call Option**), in each case to the extent of the relevant Participation Factor. If so specified in the applicable Final Terms, the Call Option (and, as a result, the calculation of the Call Performance) may be applicable and/or not applicable dependent upon the occurrence, respectively, of a Knock-in Event or a Knock-out Event;

Call Performance means the performance of the Underlying determined as specified below in paragraph I-4;

Call Strike means the value used in the calculation of the Underlying's performance, being the level that is compared to the Final Reference Value in order to determine the performance of the Underlying;

Cliquet Option means a method of calculation of the performance of the Underlying which is based on a series of forward start options. Each option will enter into force on the date specified in the applicable Final Terms. The Call Strike of each forward start option is reset when the option enters into force.

Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Final Reference Value means the value of the relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Final Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Himalaya Option means the method of calculation of the performance of a Basket based on a selection process in accordance with which, in each Himalaya Valuation Period, the Basket Constituent having the best Performance (each Performance of the Basket Constituent will be determined according to paragraph 1(A) or 1(B) below as the case may be and as specified in the relevant Final Terms) will be selected and removed from the Basket for each subsequent Himalaya Valuation Period(s) relating to the same Call Interest Payment Date (but shall not be removed in respect of subsequent Call Interest Payment Dates). Therefore, once the Basket Constituent has been selected in relation to a Himalaya Valuation Period, it will not be taken into account for the following Himalaya Valuation Period(s) relating to the same Call Interest Payment Date. On each such subsequent Himalaya Valuation Period, other best performing Basket Constituents will be selected and removed from the Basket for each subsequent Himalaya Valuation Period(s) relating to the same Call Interest Payment Date. As a result, for the purposes of the calculation of the Call Performance, the Calculation Agent will consider the arithmetic mean of the performance of the Basket Constituents having the best Performances in the relevant Himalaya Valuation Periods according to the selection process described above in this definition.

Himalaya Valuation Period(s) means the period(s) specified as such in the applicable Final Terms. For avoidance of doubt, there are more than one Himalaya Valuation Period in relation to the same Call Interest Payment Date;

Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Initial Reference Value means the value of the relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Initial Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Interim Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Final Reference Value means the value of relevant Underlying, Basket or Basket Constituent, as

the case may be, determined on the Interim Final Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying*, the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket*, the value determined in accordance with the definition of "Basket Calculation";

Interim Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Initial Reference Value means the value of relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Interim Initial Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying*, the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket*, the value determined in accordance with the definition of "Basket Calculation";

Knock-in Event means the event specified in the applicable Final Terms that has to occur on a Knock-in Observation Date or at any time during the Knock-in Observation Period (as specified in the relevant Final Terms) for the Call Option to be applicable. The Knock-in Event will occur when the Reference Value of a single Underlying or Basket, on the relevant Knock-in Observation Date(s) or at any time during a Knock-in Observation Period (as specified in the applicable Final Terms):

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Knock-in Level**); or

(B) falls within a range of values (the **Knock-in Range**) specified in the applicable Final Terms;

Knock-in Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Knock-in Observation Period means the period specified as such in the applicable Final Terms;

Knock-out Event means the event specified in the applicable Final Terms that has to occur on a Knock-out Observation Date or at any time during the Knock-out Observation Period (as specified in the relevant Final Terms) for the Call Option to not be applicable. The Knock-out Event will occur when the Reference Value of a single Underlying or Basket, on the relevant Knock-out Observation Date(s) or at any time during a Knock-out Observation Period (as specified in the applicable Final Terms):

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Knock-out Level**); or

(B) falls within a range of values (the **Knock-out Range**) specified in the applicable Final Terms;

Knock-out Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Knock-out Observation Period means the period specified as such in the applicable Final Terms;

Margin means the percentage specified in the applicable Final Terms which may be the same throughout all the Call Interest Periods, or it may be different in relation to each Call Interest Period, as specified in the applicable Final Terms;

Multiplier Factor or **P** means the multiplier used for the determination of the performance of the Underlying and which (i) may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0 and (ii) will be specified in the applicable Final Terms;

Participation Factor or **PF** means the multiplier used to determine the extent of the exposure to the performance of the Underlying and which (i) may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0 and (ii) will be specified in the applicable Final Terms;

Rainbow Option means a method for calculating the relevant Call Interest Amount when the Underlying is constituted by a Basket. Pursuant to such method of calculation, the Issuer will specify in the applicable Final Terms the weightings (expressed as percentages) of the Basket Constituents in the Basket and then such weightings will be assigned to each Basket Constituent on the basis of such Basket Constituent's performance compared to the performances of the other Basket Constituents.

Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, which will be (i) *in the case of a Basket Constituent or single Underlying,* either (A) *if the Final Terms specify a Knock-in Observation Period or Knock-out Observation Period,* observed continuously in the regular trading hours during such observation period, as displayed on the applicable Information Source and as specified in the applicable Final Terms, or (B) *otherwise, on any Knock-in Observation Date(s) or Knock-out Observation Date(s),* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms; or (ii) *in the case of a Basket,* determined in accordance with the definition of "Basket Calculation"; and

Worst Of Option means (i) where there is a single Underlying or Basket, the method by which the Calculation Agent selects the Worst Of value as the case may be, being the first, the second or the third and so forth (as specified in the applicable Final Terms) worst performance of such Underlying or Basket amongst those determined in two or more periods specified in the applicable Final Terms; or (ii) where there are two or more Underlyings, or two or more Baskets, the method by which the Calculation Agent selects the Worst Of Underlying or Basket being the Underlying or Basket with the first, the second or the third and so forth (as specified in the applicable Final Terms) worst performance compared with the other Underlyings or Baskets, as the case may be.

I-2:

Call Interest provides exposure, to the extent of the relevant Participation Factor, to the performance of an Underlying, calculated as a single value (if the applicable Final Terms specify as applicable European Call Option) or calculated as an arithmetic mean (if the applicable Final Terms specify as applicable Asian Call Option).

Each Call Interest Amount will be paid to the Noteholder in arrear on the relevant Call Interest Payment Date. The Maturity Date may fall on the same day as the Call Interest Payment Date or, if there is more than one Call Interest Payment Date, it may fall on one of the Call Interest Payment Dates.

The applicable Final Terms will specify whether, in relation to one or more Call Interest Amounts, the Maximum Rate and/or the Minimum Rate, the Best Of Option, the Worst Of Option, the Rainbow Option and/or the Cliquet Option are applicable.

Call Interest Amounts may be equal to zero, depending on the performance of the relevant Underlying and on the Minimum Rate of Interest (if applicable pursuant to the relevant Final Terms).

I-3:

The amount of each Call Interest Amount will be calculated by the Calculation Agent in accordance with the applicable formula set out in paragraph I-4, where such amount shall be rounded to the nearest EUR cent, (with 0.005 EUR being rounded upwards) and it will be equal to the product of (A) the Nominal Amount, (B) the lower of (i) the Maximum Rate (if applicable); and (ii) the higher of (x) the Minimum Rate (if applicable) and (y) the Call Performance multiplied by the Participation Factor and increased or decreased by the Margin (if applicable) and (C) the Day Count Fraction.

Whether or not the Call Option is applicable (and, as a result, whether the Call Performance will be calculated) may depend on the occurrence, respectively, of a Knock-in Event or a Knock-out Event, if so specified in the applicable Final Terms.

The Participation Factor may be equal to, lower than or higher than 1 (100%) or equal to 0. In the case the Participation Factor is equal to 100%, the Call Interest Amount will depend upon the total performance of the Underlying. Conversely, if the applicable Participation Factor is lower than 100%, the Call Interest Amount will depend upon a fraction of the performance of the Underlying. Finally, if the applicable Participation Factor is higher than 100%, the Call Interest Amount will depend upon a multiple of the

performance of the Underlying;

I-4:

The formula applicable to the calculation of a Call Interest Amount is as follows (the relevant Final Terms will specify whether, for the purpose of the calculation of the Call Interest Amount, the Maximum Rate and/or the Minimum Rate and/or the Margin will be applicable):

C = NA × min {Maximum Rate; max {Minimum Rate; [PF × max (0; Call Performance) +/- Margin]}}

Where:

C means the Call Interest Amount;

NA means the Nominal Amount specified in the applicable Final Terms;

PF means the Participation Factor;

Call Performance means:

1) If the Call Interest is linked to a single financial asset (and not a Basket): the performance of the relevant Underlying (the **Single Performance**), calculated as:

(A) where European Call Option is applicable (the **Single Performance SV**):

The value of the relevant Underlying (the **Underlying$_{(i)}$**) determined in accordance with the following formula:

$$\text{Single Performance}_{(i)}\text{ SV} = \frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$$

Where:

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means either (i) the Final Reference Value or (ii) the Interim Final Reference Value determined on the Interim Final Observation Dates as specified in the applicable Final Terms;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means either (i) the Initial Reference Value or (ii) the Interim Initial Reference Value determined on the Interim Initial Observation Dates as specified in the applicable Final Terms;

(B) where Asian Call Option is applicable (the **Single Performance AM**):

The arithmetic mean of the value of the relevant Underlying (the **Underlying$_{(i)}$**) determined in accordance with one of the following formulas specified in the applicable Final Terms:

$$\text{Single Performance}_{(i)}\text{ AM} = \frac{Underlying_{(i)}^{Final\ Average} - P \times Underlying_{(i)}^{Initial\ Average}}{Underlying_{(i)}^{Initial\ Average}}$$

or

Single Performance$_{(i)}$ AM = $\frac{Underlying_{(i)}^{Final\ Average} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$

or

Single Performance$_{(i)}$ AM = $\frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial\ Average}}{Underlying_{(i)}^{Initial\ Average}}$

Where

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means the Final Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means the Initial Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Final\ Average}}$ means the arithmetic mean of the Interim Final Reference Values of the relevant Underlying. Such arithmetic mean and/or each Interim Final Reference Value may be subject to a cap (the ***Cap AM*** ^{Final}) and/or a floor (the ***Floor AM*** ^{Final}) as specified in the applicable Final Terms;

$\boldsymbol{Underlying_{(i)}^{Initial\ Average}}$ means the arithmetic mean of the Interim Initial Reference Values of the relevant Underlying. Such arithmetic mean and/or each Interim Initial Reference Value may be subject to a cap (the ***Cap AM*** ^{Initial}) and/or a floor (the ***Floor AM*** ^{Initial}) as specified in the applicable Final Terms;

2) If the Call Interest Amount is linked to a Basket: the performance of the relevant Basket (the **Basket Performance**) calculated as:

(A) where European Call Option is applicable (the **Basket Performance SV**):

(A_1) The performance of the Basket (the **Basket$_{(i)}$**) determined as the sum of the performance of each Basket Constituent multiplied by the Basket Constituent Weight, in accordance with one of the following formulas:

Where the Cap is specified as applicable:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Min(Cap;\ Single\ Performance_{(i)}SV)\ \times\ W_{(i)}$

Where the Floor is specified as applicable:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Max(Floor;\ Single\ Performance_{(i)}SV)\ \times\ W_{(i)}$

Where both the Cap and the Floor are specified as applicable:

Basket Performance$_{(i)}$ SV =

$$\sum_{i=1}^{n} Min[Cap; \max(Floor\ ; Single\ Performance_{(i)}SV)]\ \times\ W_{(i)}$$

Where neither the Cap nor the Floor are specified as applicable:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Single\ Performance_{(i)}SV \times W_{(i)}$

Where:

n means the number of the Basket Constituents;

$\boldsymbol{Single\ Performance_{(i)}SV}$ means the performance calculated for each Basket Constituent in accordance with the formula specified above at paragraph 1(A);

$\boldsymbol{W_{(i)}}$ means the Basket Constituent Weight. The Basket Constituent Weight may be:

(i) a percentage specified in the applicable Final Terms; or

(ii) if the **Rainbow Option** is specified as applicable, the weightings will be specified in the applicable Final Terms but each of such weightings will be assigned to the Basket Constituents depending on the performance of the relevant Basket Constituent as specified in the applicable Final Terms;

Cap means the value specified in the applicable Final Terms;

Floor means the value specified in the applicable Final Terms;

or

(A_2) The performance of the Basket (the **Basket$_{(i)}$**) determined in accordance with the following formula:

Basket Performance$_{(i)}$ SV = $\frac{Basket_{(i)}^{Final} - P \times Basket_{(i)}^{Initial}}{Basket_{(i)}^{Initial}}$

Where:

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Basket_{(i)}^{Final}}$ means the Final Reference Value of the Basket;

$\boldsymbol{Basket_{(i)}^{Initial}}$ means the Initial Reference Value of the Basket equal, by definition, to 1;

(B) where Asian Call Option is applicable (the **Basket Performance AM**), either:

(B_1) The arithmetic mean of the performance of the Basket (the **Basket$_{(i)}$**) determined as the sum of the performances of the Basket Constituents in the Basket determined by reference to the arithmetic mean of the performance of each Basket Constituent multiplied by the relevant Basket Constituent Weight, in accordance with the following formula:

Basket Performance$_{(i)}$ AM = $\sum_{i=1}^{n} Single\ Performance_{(i)}AM \times W_{(i)}$

Where:

n means the number of the Basket Constituents;

$\boldsymbol{Single\ Performance_{(i)}AM}$ means the performance calculated as the arithmetic mean

of the performance of each Basket Constituent determined in accordance with one of the formulas specified above at paragraph 1(B);

W(i) means the Basket Constituent Weight. The Basket Constituent Weight may be:

(i) a percentage specified in the applicable Final Terms; or

(ii) if the **Rainbow Option** is applicable, the weightings will be specified in the applicable Final Terms but each of such weightings will be assigned to each Basket Constituent depending on the performance of the relevant Basket Constituent as specified in the applicable Final Terms;

or

(B_2) The arithmetic mean of the value of the Basket (the **Basket(i)**) determined in accordance with one of the following formulas as specified in the applicable Final Terms:

$$\text{Basket Performance}_{(i)}\ AM = \frac{Basket_{(i)}^{Final\ Average} - P \times Basket_{(i)}^{Initial\ Average}}{Basket_{(i)}^{Initial\ Average}}$$

or

$$\text{Basket Performance}_{(i)}\ AM = \frac{Basket_{(i)}^{Final\ Average} - P \times Basket_{(i)}^{Initial}}{Basket_{(i)}^{Initial}}$$

or

$$\text{Basket Performance}_{(i)}\ AM = \frac{Basket_{(i)}^{Final} - P \times Basket_{(i)}^{Initial\ Average}}{Basket_{(i)}^{Initial\ Average}}$$

Where

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Basket_{(i)}^{Final}}$ means the Final Reference Value of the Basket;

$\boldsymbol{Basket_{(i)}^{Initial}}$ means the Initial Reference Value of the Basket equal, by definition, to 1;

$\boldsymbol{Basket_{(i)}^{Final\ Average}}$ means the arithmetic mean of the Interim Final Reference Values. Such arithmetic mean and/or each Interim Final Reference Value may be subject to a cap (the ***Cap AM*** ^{Final}) and/or a floor (the ***Floor AM*** ^{Final}) as specified in the applicable Final Terms;

$\boldsymbol{Basket_{(i)}^{Initial\ Average}}$ means the arithmetic mean of the Interim Initial Reference Values. Such arithmetic mean and/or each Interim Initial Reference Value may be subject to a cap (the ***Cap AM*** ^{Initial}) and/or a floor (the ***Floor AM*** ^{Initial}) as specified in the applicable Final Terms;

3) If the **Best Of Option** is applicable:

(A) If the Call Interest Amount is linked to a single Underlying or a single Basket:

The "n" best performance of the Underlying or Basket (where "n" may be the first, the second, the third and so forth best performance) selected by the Calculation Agent from among the performances of the Underlying or Basket determined in two or more periods specified in the applicable Final Terms (the **Best Performance**). The Best Performance will be determined as follows:

i. the Calculation Agent will determine the performance of the Underlying or Basket, for the periods specified in the applicable Final Terms, in accordance with the formulas specified above at paragraph 1(A) or 1 (B) for single Underlying and at paragraph 2(A) or 2 (B) for single Basket;
ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;
iii. the Best Performance will be the performance, in such descending order, that matches the number specified in the applicable Final Terms in relation to the Best Of Option. By way of example, if the Final Terms provide for the application of the First Best Of Option, the Best Performance will be the best Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms; if the applicable Final Terms provide for the application of the Second Best Of Option, the Best Performance will be the second best Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms, and so forth.

(B) If the Call Interest Amount is linked to two or more Underlyings or two or more Baskets:

(B_1) *if European Call Option is applicable*, the performance of the Underlying with the "n" highest performance (where "n" may be the first, the second, the third and so forth best performance) (the **Best Performance SV**) of all the Underlyings or Baskets, as the case may be The Best Performance SV will be determined as follows:

i. the Calculation Agent will determine the performance of each Underlying or Basket in accordance with the formulas specified above at paragraph 1(A) for Underlyings and at paragraph 2(A) for Baskets;
ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;
iii. the Best Performance SV will be the performance calculated as the value of the Underlying or Basket whose performance, in such descending order, matches the number specified in the applicable Final Terms in relation to the Best Of Option. By way of example, if the Final Terms provide for the application of the First Best Of Option, the Best Performance SV will be the performance of the Underlying or Basket with the best Single Performance SV / Basket Performance SV compared to the other Underlying or Baskets; if the Final Terms provide for the application of the Second Best Of Option, the Best Performance SV will be the performance of the Underlying or Basket with the second best Single Performance SV / Basket Performance SV compared to the other Underlyings or Baskets, and so forth.

(B_2) *if Asian Call Option is applicable*, the performance of the Underlying calculated as an arithmetic mean with the "n" highest performance (where "n" may be the first, the second, the third and so forth best performance) (the **Best Performance AM**) of all the Underlyings or Baskets. The Best Performance AM will be determined as follows:

i. the Calculation Agent will determine the performance being equal to the arithmetic

mean of the performance of each Underlying or Basket determined in accordance with the formulas specified above at paragraph 1(B) for Underlyings and at paragraph 2(B) for Baskets;

ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;

iii. the Best Performance AM will be the performance calculated as the arithmetic mean of the performance of the Underlying or Basket whose performance, in such descending order, matches the number specified in the applicable Final Terms in relation to the Best Of Option. By way of example, if the Final Terms provide for the application of the First Best Of Option, the Best Performance AM will be the performance of the Underlying or Basket with the best Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets; if the Final Terms provide for the application of the Second Best Of Option, the Best Performance AM will be the performance of the Underlying or Basket with the second best Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets, and so forth.

4) If the **Worst Of Option** is applicable:

(A) If the Call Interest Amount is linked to a single Underlying or a single Basket:

The "n" worst performance of the Underlying or Basket (where "n" may be the first, the second, the third and so forth worst performance) selected by the Calculation Agent from among the performances of the Underlying or Basket determined for two or more periods specified in the applicable Final Terms (the **Worst Performance**). In such case, the Worst Performance will be determined as follows:

i. the Calculation Agent will determine the performance of the Underlying or Basket, for the periods specified in the applicable Final Terms, in accordance with the formulas specified above at paragraph 1(A) or 1(B) for single Underlying and at paragraph 2(A) or 2(B) for single Basket;

ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;

iii. the Worst Performance will be the performance, in such ascending order, that matches the number specified in the applicable Final Terms in relation to the Worst Of Option. By way of example, if the Final Terms provide for the application of the First Worst Of Option, the Worst Performance will be the lowest Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms; if the applicable Final Terms provide for the application of the Second Worst Of Option, the Worst Performance will be the second lowest Single Performance / Basket Performance of those determined for the periods specified in the applicable Final Terms, and so forth.

(B) If the Call Interest is linked to two or more Underlyings or two or more Baskets:

(B_1) *if European Call Option is applicable*, the performance calculated as the value of the Underlying with the "n" lowest performance (where "n" may be the first, the second, the third and so forth worst performance) (the **Worst Performance SV**) of all the Underlyings or Baskets The Worst Performance SV will be determined as follows:

i. the Calculation Agent will determine the performance of each Underlying or Basket

in accordance with the formulas specified above at paragraph 1(A) for single Underlyings and at paragraph 2(A) for Baskets;

ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;

iii. the Worst Performance SV will be the performance calculated as the value of the Underlying or Basket whose performance, in such ascending order, matches the number specified in the applicable Final Terms in relation to the Worst Of Option. By way of example, if the Final Terms provide for the application of the First Worst Of Option, the Worst Performance SV will be the performance of the Underlying or Basket with the worst Single Performance SV / Basket Performance SV compared to the other Underlyings or Baskets; if the Final Terms provide for the application of the Second Worst Of Option, the Worst Performance SV will be the performance of the Underlying or Basket with the second worst Single Performance SV / Basket Performance SV compared to the other Underlyings or Baskets, and so forth.

(B_2) *if Asian Call Option is applicable*, the performance of the Underlying calculated as an arithmetic mean with the "n" lowest performance (where "n" may be the first, the second, the third and so forth worst performance) (the **Worst Performance AM**) of all other Underlyings or Baskets The Worst Performance AM will be determined as follows:

i. the Calculation Agent will determine the performance being equal to the arithmetic mean of the performance of each Underlying or Basket determined in accordance with the formulas specified above at paragraph 1(B) for Underlyings and at paragraph 2(B) for Baskets;

ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;

iii. the Worst Performance AM will be the performance calculated as the arithmetic mean of the performance of the Underlying or Basket whose performance, in such ascending order, matches the number specified in the applicable Final Terms in relation to the Worst Of Option. By way of example, if the Final Terms provide for the application of the First Worst Of Option, the Worst Performance AM will be the performance of the Underlying or Basket with the worst Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets; if the Final Terms provide for the application of the Second Worst Of Option, the Worst Of Performance AM will be the performance of the Underlying or Basket with the second worst Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets, and so forth.

5) If the **Himalaya Option** is applicable *(where the Call Interest is linked to a Basket)*:

The relevant performance will be calculated by reference to the arithmetic average of the Performances of the Basket Constituents (each **Performance** of the Basket Constituent will be determined according to paragraph 1(A) or 1(B) above as the case may be and as specified in the relevant Final Terms) having the best performance for each relevant Himalaya Valuation Period but provided that, once a Basket Constituent has been determined to have the best performance for any Himalaya Valuation Period, such Basket Constituent's performance shall be disregarded for each subsequent Himalaya Valuation Period relating to the same Call Interest Payment Date (but shall not be disregarded in respect of subsequent Call Interest Payment Dates). As such, amounts due are not directly linked to any one Basket Constituent(s) and the positive performance of some Basket Constituent(s) may be offset by the negative performance of other Basket

Constituent(s), particularly as a consistently high performing Basket Constituent will only have the first occurrence of its best performance (compared to other Basket Constituents) included in the calculation of the arithmetic average performance for the relevant Call Interest Payment Date.

II. PUT INTEREST

II-1: For the purposes of this sub-paragraph II:

Best Of Option means (i) where there is a single Underlying or Basket, the method by which the Calculation Agent selects the Best Of value, being the first, the second or the third and so forth (as specified in the applicable Final Terms), as the case may be, best performance of such Underlying or Basket among those determined in two or more periods specified in the applicable Final Terms; or (ii) where there are two or more Underlyings, or two or more Baskets, the method by which the Calculation Agent selects the Best Of Underlying or Basket, as the case may be, being the Underlying or Basket with the first, the second or the third and so forth (as specified in the applicable Final Terms) best performance compared with the other Underlyings or Baskets, as the case may be;

Cliquet Option means a method of calculation of the performance of the Underlying which is based on a series of forward start options. Each option will enter into force on the date specified in the applicable Final Terms. The Put Strike of each forward start option is reset when the option enters into force.

Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms.

Final Reference Value means the value of the relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Final Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Himalaya Option means the method of calculation of the performance of a Basket based on a selection process in accordance with which, in each Himalaya Valuation Period, the Basket Constituent having the best Performance (each Performance of the Basket Constituent will be determined according to paragraph 1(A) or 1(B) below as the case may be and as specified in the relevant Final Terms) will be selected and removed from the Basket for each subsequent Himalaya Valuation Period(s) relating to the same Put Interest Payment Date (but shall not be removed in respect of subsequent Put Interest Payment Dates). Therefore, once the Basket Constituent has been selected in relation to a Himalaya Valuation Period, it will not be taken into account for the following Himalaya Valuation Period(s) relating to the same Put Interest Payment Date. On each such subsequent Himalaya Valuation Period, other best performing Basket Constituents will be selected and removed from the Basket for each subsequent Himalaya Valuation Period(s) relating to the same Put Interest Payment Date. As a result, for the purposes of the calculation of the Put Performance, the Calculation Agent will consider the arithmetic mean of the performance of the Basket Constituents having the best Performances in the relevant Himalaya Valuation Periods according to the selection process described above in this definition.

Himalaya Valuation Period(s) means the period(s) specified as such in the applicable Final Terms. For avoidance of doubt, there may be more than one Himalaya Valuation Period in relation to the same Put Interest Payment Date;

Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms.

Initial Reference Value means the value of the relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Initial Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Interim Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Final Reference Value means the value of the relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Interim Final Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Interim Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Initial Reference Value means the value of the relevant Underlying, Basket or Basket Constituent, as the case may be, determined on the Interim Initial Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Knock-in Event means the event specified in the applicable Final Terms that has to occur on a Knock-in Observation Date or at any time during the Knock-in Observation Period (as specified in the relevant Final Terms) for the Put Option to be applicable. The Knock-in Event will occur when the Reference Value of a single Underlying or Basket, on the relevant Knock-in Observation Date(s) or at any time during a Knock-in Observation Period (as specified in the applicable Final Terms):

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Knock-in Level**); or

(B) falls within a range of values (the **Knock-in Range**) specified in the applicable Final Terms;

Knock-in Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Knock-in Observation Period means the period specified as such in the applicable Final Terms;

Knock-out Event means the event specified in the applicable Final Terms that has to occur on a Knock-out Observation Date or at any time during the Knock-out Observation Period (as specified in the relevant Final Terms) for the Put Option to not be applicable. The Knock-out Event will occur when the Reference Value of a single Underlying or Basket, on the relevant Knock-out Observation Date(s) or at any time during a Knock-out Observation Period (as specified in the applicable Final Terms):

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Knock-out Level**); or

(B) falls within a range of values (the **Knock-out Range**) specified in the applicable Final Terms;

Knock-out Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Knock-out Observation Period means the period specified as such in the applicable Final Terms;

Margin means the percentage specified in the applicable Final Terms, which may be the same throughout all the Put Interest Periods, or it may be different in relation to each Put Interest Period, as specified in the applicable Final Terms;

Multiplier Factor or **P** means the multiplier used for the determination of the single performance of the Underlying and which (i) may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0 and (ii) will be specified in the applicable Final Terms;

Participation Factor or **PF** means the multiplier used to determine the extent of the participation in the performance of the Underlying and which (i) may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0 and (ii) will be specified in the applicable Final Terms;

Put Interest Amount means the interest amount determined in the manner set out in this paragraph;

Put Interest Payment Date means one or more Business Day(s), specified in the applicable Final Terms,

on which the Issuer shall pay, in arrear the relevant Put Interests Amount;

Put Option means an option that provides exposure to the performance of an Underlying, calculated as a single value (a **European Put Option**) or calculated as an arithmetic mean (an **Asian Put Option**), in each case to the extent of the relevant Participation Factor. If so specified in the applicable Final Terms, the Put Option (and, as a result, the calculation of the Put Performance) may be activated and/or deactivated upon occurrence, respectively, of a Knock-in Event or Knock-out Event;

Put Performance means the performance of the Underlying determined as specified below in paragraph II-4;

Put Strike means the value used in the calculation of the Underlying's performance, representing the level that has to be compared to the Final Reference Value in order to determine the performance;

Rainbow Option means a method for calculating the relevant Put Interest Amount when the Underlying is constituted by a Basket. Pursuant to such method of calculation, the Issuer will specify in the applicable Final Terms the weightings (expressed as percentages) of the Basket Constituents in the Basket and then such weightings will be assigned to each Basket Constituent on the basis of such Basket Constituent's performance compared to the performances of the other Basket Constituents;

Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, which will be (i) *in the case of a Basket Constituent or single Underlying,* either (A) *if the Final Terms specify a Knock-in Observation Period or Knock-out Observation Period,* observed continuously in the regular trading hours during such observation period, as displayed on the applicable Information Source and as specified in the applicable Final Terms, or (B) *otherwise, on any Knock-in Observation Date(s) or Knock-out Observation Date(s),* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms; or (ii) *in the case of a Basket*, determined in accordance with the definition of "Basket Calculation"; and

Worst Of Option means (i) where there is a single Underlying or Basket, the method by which the Calculation Agent selects the Worst Of value as the case may be, being the first, the second or the third and so forth (as specified in the applicable Final Terms) worst performance of such Underlying or Basket among those determined in two or more periods specified in the applicable Final Terms; or (ii) where the Underlying is represented by two or more single Underlyings, or two or more Baskets, the determination method where the Calculation Agent selects the worst of Underlying or Basket that is the underlying asset or Basket which the first, second or third (and so forth, depending on the number of the Underlyings) worst performance, compared with the other Underlyings or Baskets, as the case may be;

II-2:

Put Interest provides exposure, to the extent of the relevant Participation Factor, in the performance of an Underlying, calculated as a single value (if the applicable Final Terms specify as applicable European Put Option) or calculated as an arithmetic mean (if the applicable Final Terms specify as applicable Asian Put Option).

Each Put Interest Amount will be paid to the Noteholder in arrear on the relevant Put Interest Payment Date. The Maturity Date may fall on the same day as the Put Interest Payment Date or, if there is more than one Put Interest Payment Date, it may fall on one of the Put Interest Payment Dates.

The applicable Final Terms will specify whether, in relation to one or more Put Interest Amounts, the Maximum Rate and/or the Minimum Rate, the Best Of Option, the Worst Of Option, the Rainbow Option and the Cliquet Option are applicable.

The Put Interest Amount may be equal to zero, depending on the performance of the relevant Underlying and on the Minimum Rate of Interest (if applicable pursuant to the relevant Final Terms).

II-3:

The amount of each Put Interest Amount will be calculated by the Calculation Agent in accordance with the applicable formula set out in paragraph II-4, where such amount shall be rounded to the nearest EUR cent (with 0.005 EUR being rounded upwards) and it will be equal to the product of (A) the Nominal Amount, (B) the lower of (i) the Maximum Rate (if applicable); and (ii) the higher of (x) the Minimum Rate (if applicable) and (y) the Put Performance multiplied by the Participation Factor and increased or decreased by the Margin (if applicable) and (C) the Day Count Fraction.

Whether or not the Put Option is applicable (and, as a result, whether the Put Performance will be calculated) may depend on the occurrence, respectively, of a Knock-in Event or a Knock-out Event, if so specified in the applicable Final Terms.

The Participation Factor may be equal to, lower than or higher than 1 (100%) or equal to 0. In the case the Participation Factor is equal to 100%, the Put Interest Amount will depend upon the total performance of the Underlying. Conversely, if the applicable Participation Factor is lower than 100%, the Put Interest Amount will depend upon a fraction of the performance of the Underlying. Finally, if the applicable Participation Factor is higher than 100%, the Put Interest Amount will depend upon a multiple of the performance of the Underlying;

II-4:

The formula applicable to the calculation of a Put Interest Amount is as follows (the relevant Final Terms will specify whether, for the purpose of the calculation of the Put Interest Amount, the Maximum Rate and/or the Minimum Rate and/or the Margin will be applicable):

C = NA × min {Maximum Rate; max {Minimum Rate; [PF × max (0; Put Performance) +/- Margin]}}

Where:

C means the Put Interest Amount;

NA means the Nominal Amount specified in the applicable Final Terms;

PF means the Participation Factor.

Put Performance means:

1) If the Put Interest is linked to a single financial asset (and not a Basket): the performance of the relevant Underlying (the **Single Performance**), calculated as:

   (A) where European Put Option is applicable (the **Single Performance SV**):

   The value of the relevant Underlying (the **Underlying**$_{(i)}$) determined in accordance with the following formula:

   $$\text{Single Performance}_{(i)}\,\text{SV} = \frac{P \times Underlying_{(i)}^{Initial} - Underlying_{(i)}^{Final}}{Underlying_{(i)}^{Initial}}$$

   Where:

   P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means either (i) the Final Reference Value or (ii) the Interim Final Reference Value determined on the Interim Final Observation Dates as specified in the applicable Final Terms;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means either (i) the Initial Reference Value or (ii) the Interim Initial Reference Value determined on the Interim Initial Observation Dates as specified in the applicable Final Terms;

(B) where Asian Put Option is applicable (the **Single Performance AM**):

The arithmetic mean of the value of the relevant Underlying (the **Underlying$_{(i)}$**) determined in accordance with one of the following formulas specified in the applicable Final Terms:

$$\text{Single Performance}_{(i)}\ \text{AM} = \frac{P \times Underlying_{(i)}^{Initial\ Average} - Underlying_{(i)}^{Final\ Average}}{Underlying_{(i)}^{Initial\ Average}}$$

or

$$\text{Single Performance}_{(i)}\ \text{AM} = \frac{P \times Underlying_{(i)}^{Initial\ Average} - Underlying_{(i)}^{Final}}{Underlying_{(i)}^{Initial\ Average}}$$

or

$$\text{Single Performance}_{(i)}\ \text{AM} = \frac{P \times Underlying_{(i)}^{Initial} - Underlying_{(i)}^{Final\ Average}}{Underlying_{(i)}^{Initial}}$$

Where:

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means the Final Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means the Initial Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Final\ Average}}$ means the arithmetic mean of the Interim Final Reference Values of the relevant Underlying. Such arithmetic mean and/or each Interim Final Reference Value may be subject to a cap (the ***Cap AM*** ^{Final}) and/or a floor (the ***Floor AM*** ^{Final}) as specified in the applicable Final Terms;

$\boldsymbol{Underlying_{(i)}^{Initial\ Average}}$ means the arithmetic mean of the Interim Initial Reference Values of the relevant Underlying. Such arithmetic mean and/or each Interim Initial Reference Value may be subject to a cap (the ***Cap AM*** ^{Initial}) and/or a floor (the ***Floor AM*** ^{Initial}) as specified in the applicable Final Terms;

2) If the Put Interest Amount is linked to a Basket: the performance of the relevant Basket (the **Basket Performance**) calculated as:

(A) where European Put Option is applicable (the **Basket Performance SV**):

(A_1) The performance of the Basket (the **Basket$_{(i)}$**) determined as the sum of the performance of each Basket Constituent multiplied by the relevant Basket Constituent Weight, in accordance with one of the following formulas:

Where the Cap is specified as applicable:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Min\ (Cap; Single\ Performance_{(i)}SV)\ \times\ W_{(i)}$

Where the Floor is specified as applicable:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Max\ (Floor; Single\ Performance_{(i)}SV)\ \times\ W_{(i)}$

Where both the Cap and the Floor are specified as applicable:

Basket Performance$_{(i)}$ SV =

$$\sum_{i=1}^{n} Min\ [Cap; \max(Floor; Single\ Performance_{(i)}SV)]\ \times\ W_{(i)}$$

Where neither the Cap nor the Floor are specified as applicable:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Single\ Performance_{(i)}SV\ \times\ W_{(i)}$

Where:

n means the number of the Basket Constituents;

Single Performance$_{(i)}$SV means the performance calculated for each Basket Constituent in accordance with the formula specified above at paragraph 1(A);

W$_{(i)}$ means the Basket Constituent Weight. The Basket Constituent Weight may be:

(i) a percentage specified in the applicable Final Terms; or

(ii) if the **Rainbow Option** is specified as applicable, the weightings will be specified in the applicable Final Terms but each of such weightings will be assigned to the Basket Constituents depending on the performance of the relevant Basket Constituent as specified in the applicable Final Terms;

Cap means the value specified in the applicable Final Terms;

Floor means the value specified in the applicable Final Terms;

or

(A_2) The performance of the Basket (the **Basket$_{(i)}$**) determined in accordance with the following formula:

Basket Performance$_{(i)}$ SV = $\dfrac{P \times Basket_{(i)}^{Initial} - Basket_{(i)}^{Final}}{Basket_{(i)}^{Initial}}$

Where:

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Basket}_{(i)}^{\boldsymbol{Final}}$ means the Final Reference Value of the Basket;

$\boldsymbol{Basket}_{(i)}^{\boldsymbol{Initial}}$ means the Initial Reference Value of the Basket equal, by definition, to 1;

(B) where Asian Put Option is applicable (the **Basket Performance AM**), either:

(B_1) The arithmetic mean of the performance of the Basket (the **Basket$_{(i)}$**), determined as the sum of the performances of the Basket Constituents in the Basket determined by reference to the arithmetic mean of the performance of each Basket Constituent multiplied by the relevant Basket Constituent Weight, in accordance with the following formula:

Basket Performance$_{(i)}$ AM = $\sum_{i=1}^{n} Single\ Performance_{(i)}AM \times W_{(i)}$

Where:

n means the number of the Basket Constituents;

$\boldsymbol{Single\ Performance_{(i)}AM}$ means the performance calculated as the arithmetic mean of the performance of each Basket Constituent determined in accordance with one the formulas specified above at paragraph 1(B);

$\boldsymbol{W_{(i)}}$ means the Basket Constituent Weight. The Basket Constituent Weight may be:

(i) a percentage specified in the applicable Final Terms; or

(ii) if the **Rainbow Option** is applicable, the weightings will be specified in the applicable Final Terms but each of such weightings will be assigned to each Basket Constituent depending on the performance of the relevant Basket Constituent as specified in the applicable Final Terms;

or

(B_2) The arithmetic mean of the value of the Basket (the **Basket$_{(i)}$**) determined in accordance with one of the following formulas as specified in the applicable Final Terms:

Basket Performance$_{(i)}$ AM = $\frac{P \times Basket_{(i)}^{Initial\ Average} - Basket_{(i)}^{Final\ Average}}{Basket_{(i)}^{Initial\ Average}}$

or

Basket Performance$_{(i)}$ AM = $\frac{P \times Basket_{(i)}^{Initial\ Average} - Basket_{(i)}^{Final}}{Basket_{(i)}^{Initial\ Average}}$

or

Basket Performance$_{(i)}$ AM = $\frac{P \times Basket_{(i)}^{Initial} - Basket_{(i)}^{Final\ Average}}{Basket_{(i)}^{Initial}}$

Where

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Basket}_{(i)}^{\boldsymbol{Final}}$ means the Final Reference Value of the Basket;

$\boldsymbol{Basket}_{(i)}^{\boldsymbol{Initial}}$ means the Initial Reference Value of the Basket equal, by definition, to 1;

$\boldsymbol{Basket}_{(i)}^{\boldsymbol{Final\ Average}}$ means the arithmetic mean of the Interim Final Reference Values. Such arithmetic mean and/or each Interim Final Reference Value may be subject to a cap (the ***Cap AM*** $^{\boldsymbol{Final}}$) and/or a floor (the ***Floor AM*** $^{\boldsymbol{Final}}$) as specified in the applicable Final Terms;

$\boldsymbol{Basket}_{(i)}^{\boldsymbol{Initial\ Average}}$ means the arithmetic mean of the Interim Initial Reference Values. Such arithmetic mean and/or each Interim Initial Reference Value may be subject to a cap (the ***Cap AM*** $^{\boldsymbol{Initial}}$) and/or a floor (the ***Floor AM*** $^{\boldsymbol{Initial}}$) as specified in the applicable Final Terms;

3) If the **Best Of Option** is applicable:

(A) If the Put Interest Amount is linked to a single Underlying or a single Basket:

The "n" highest performance (where "n" may be the first, the second, the third and so forth best performance) of the Underlying or Basket selected by the Calculation Agent from among the performances of the Underlying or Basket determined in two or more periods specified in the applicable Final Terms (the **Best Performance**). The Best Performance will be determined as follows:

i. the Calculation Agent will determine the performance of the Underlying or Basket, for the periods specified in the applicable Final Terms, in accordance with the formulas specified above at paragraph 1(A) or 1(B) for single Underlying and at paragraph 2(A) or 2(B) for single Basket;
ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;
iii. the Best Performance will be the performance, in such descending order, that matches the number specified in the applicable Final Terms in relation to the Best Of Option. By way of example, if the Final Terms provide for the application of the First Best Of Option, the Best Performance will be the best Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms; if the applicable Final Terms provide for the application of the Second Best Of Option, the Best Performance will be the second best Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms, and so forth.

(B) If the Put Interest Amount is linked to two or more Underlyings or two or more Baskets:

(B_1) *if European Put Option is applicable*, the performance of the Underlying with the "n" highest performance (where "n" may be the first, the second, the third and so forth best performance) (the **Best Performance SV**) of all the Underlyings or Baskets, as the case may be The Best Performance SV will be determined as follows:

i. the Calculation Agent will determine the performance of each Underlying or Basket in accordance with the formulas specified above at paragraph 1(A) for Underlyings and at paragraph 2(A) for Baskets;
ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;
iii. the Best Performance SV will be the performance calculated as the value of the

Underlying or Basket whose performance, in such descending order, matches the number specified in the applicable Final Terms in relation to the Best Of Option. By way of example, if the Final Terms provide for the application of the First Best Of Option, the Best Performance SV will be the performance of the Underlying or Basket with the best Single Performance SV / Basket Performance SV compared to the other Underlying or Baskets; if the Final Terms provide for the application of the Second Best Of Option, the Best Performance SV will be the performance of the Underlying or Basket with the second best Single Performance SV / Basket Performance SV compared to the other Underlyings or Baskets, and so forth.

(B_2) *if Asian Put Option is applicable*, the performance of the Underlying calculated as an arithmetic mean with the "n" highest performance (where "n" may be the first, the second, the third and so forth best performance) (the **Best Performance AM**) of all the Underlyings or Baskets. The Best Performance AM will be determined as follows:

i. the Calculation Agent will determine the performance being equal to the arithmetic mean of the performance of each Underlying or Basket determined in accordance with the formulas specified above at paragraph 1(B) for Underlyings and at paragraph 2(B) for Baskets;
ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;
iii. the Best Performance AM will be the performance calculated as the arithmetic mean of the performance of the Underlying or Basket whose performance, in such descending order, matches the number specified in the applicable Final Terms in relation to the Best Of Option. By way of example, if the Final Terms provide for the application of the First Best Of Option, the Best Performance AM will be the performance of the Underlying or Basket with the best Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets; if the Final Terms provide for the application of the Second Best Of Option, the Best Performance AM will be the performance of the Underlying or Basket with the second best Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets, and so forth.

4) If the **Worst Of Option** is applicable:

(A) If the Put Interest Amount is linked to a single Underlying or a single Basket:

The "n" worst performance (where "n" may be the first, the second, the third and so forth worst performance) of the Underlying or Basket selected by the Calculation Agent from among the performances of the Underlying or Basket determined for two or more periods specified in the applicable Final Terms (the "**Worst Performance**"). In such case, the Worst Performance will be determined as follows:

i. the Calculation Agent will determine the performance of the Underlying or Basket, for the periods specified in the applicable Final Terms, in accordance with the formulas specified above at paragraph 1(A) or 1(B) for single Underlying and at paragraph 2(A) or 2(B) for single Basket;
ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;
iii. the Worst Performance will be the performance, in such ascending order, that matches the number specified in the applicable Final Terms in relation to the Worst

Of Option. By way of example, if the Final Terms provide for the application of the First Worst Of Option, the Worst Performance will be the lowest Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms; if the applicable Final Terms provide for the application of the Second Worst Of Option, the Worst Performance will be the second lowest Single Performance / Basket Performance among those determined for the periods specified in the applicable Final Terms, and so forth.

(B) *If the Put Interest is linked to two or more Underlyings or two or more Baskets:*

(B_1) *if European Put Option is applicable*, the performance of the Underlying with the "n" lowest performance (where "n" may be the first, the second, the third and so forth worst performance) (the **Worst Performance SV**) of all the Underlyings or Baskets. The Worst Performance SV will be determined as follows:

i. the Calculation Agent will determine the performance calculated as the value of each Underlying or Basket in accordance with the formulas specified above at paragraph 1(A) for Underlyings and at paragraph 2(A) for Baskets;
ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;
iii. the Worst Performance SV will be the performance calculated as the value of the Underlying or Basket whose performance, in such ascending order, matches the number specified in the applicable Final Terms in relation to the Worst Of Option. By way of example, if the Final Terms provide for the application of the First Worst Of Option, the Worst Performance SV will be the performance of the Underlying or Basket with the worst Single Performance SV / Basket Performance SV compared to the other Underlyings or Baskets; if the Final Terms provide for the application of the Second Worst Of Option, the Worst Performance SV will be the performance of the Underlying or Basket with the second worst Single Performance SV / Basket Performance SV compared to the other Underlyings or Baskets, and so forth.

(B_2) *if Asian Put Option is applicable*, the performance of the Underlying calculated as an arithmetic mean with the "n" lowest performance (where "n" may be the first, the second, the third and so forth worst performance) (the **Worst Performance AM**) of all other Underlyings or Baskets The Worst Performance AM will be determined as follows:

i. the Calculation Agent will determine the performance being equal to the arithmetic mean of the performance of each Underlying or Basket determined in accordance with the formulas specified above at paragraph 1(B) for Underlyings and at paragraph 2(B) for Baskets;
ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;
iii. the Worst Performance AM will be the performance calculated as the arithmetic mean of the performance of the Underlying or Basket whose performance, in such ascending order, matches the number specified in the applicable Final Terms in relation to the Worst Of Option. By way of example, if the Final Terms provide for the application of the First Worst Of Option, the Worst Performance AM will be the performance of the Underlying or Basket with the worst Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets; if the Final Terms provide for the application of the Second Worst Of Option, the Worst Performance AM will be the performance of the Underlying or Basket with the

second worst Single Performance AM / Basket Performance AM compared to the other Underlyings or Baskets, and so forth.

5) If the **Himalaya Option** *(where the Put Interest is linked to a Basket)* is applicable:

The relevant performance is calculated by reference to the arithmetic average of the Performances of the Basket Constituents (each **Performance** of the Basket Constituent will be determined according to paragraph 1(A) or 1(B) above as the case may be and as specified in the relevant Final Terms) having the best performance for each relevant Himalaya Valuation Period but provided that, once a Basket Constituent has been determined to have the highest performance for any Himalaya Valuation Period, such Basket Constituent's performance shall be disregarded for each subsequent Himalaya Valuation Period relating to the same Put Interest Payment Date (but shall not be disregarded in respect of subsequent Put Interest Payment Dates). As such, amounts due are not directly linked to any one Basket Constituent(s) and the positive performance of some Basket Constituent(s) may be offset by the negative performance of other Basket Constituent(s), particularly as a consistently high performing Basket Constituent will only have its first-occurring highest performance included in the calculation of the arithmetic average performance for the relevant Put Interest Payment Date.

III. DIGITAL INTEREST

III-1: For the purposes of this sub-paragraph III:

Consolidation Effect means the effect in accordance with which, if there is more than one Digital Interest Period and a Digital Condition has occurred in relation to a Digital Interest Period, the Digital Condition relating to the following Digital Interest Period(s) will be deemed to have occurred;

Digital Condition means the condition specified in the applicable Final Terms that has to occur on a Digital Observation Date or at any time during the Digital Observation Period (as specified in the relevant Final Terms) in order for the relevant Digital Interest Amount to be paid. The Digital Condition may be a Single Performance Condition, Podium Performance Condition, Spread Performance Condition, Single Reference Value Condition, Podium Reference Value Condition, Spread Reference Value Condition, a Single Best Performance Condition or a Single Worst Performance Condition as described below;

Digital Interest Amount means the interest amount determined as specified in this paragraph III;

Digital Interest Payment Date means one or more Business Day(s) specified in the applicable Final Terms on which the Issuer shall pay in arrear the relevant Digital Interest Amount;

Digital Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Digital Observation Period(s) means the period(s) specified as such in the applicable Final Terms;

Digital Rate means Digital Rate 1 or Digital Rate 2, as applicable.

Digital Rate 1 means, the rate of interest specified in the Final Terms in relation to each Digital Interest Period payable when the relevant Digital Condition has occurred;

Digital Rate 2 means, the rate of interest specified in the Final Terms in relation to each Digital Interest Period payable when the relevant Digital Condition has not occurred;

Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Final Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, determined on the Final Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Initial Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, determined on the Initial Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Interim Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Final Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, determined on the Interim Final Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Interim Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Initial Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, determined on the Interim Initial Observation Date as follows (i) *in the case of a Basket Constituent or single Underlying,* the value published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* the value determined in accordance with the definition of "Basket Calculation";

Memory Effect means that where there is more than one Digital Interest Period and a Digital Condition has not occurred in relation to a Digital Interest Period or in relation to two or more Digital Interest Periods (and only when the Digital Rate is equal to 0% as a consequence of the non-occurrence of the Digital Condition), the Noteholder will receive an amount equal to the interest amounts payable in respect of the previous Digital Interest Period (not paid because of the non-occurrence of the relevant Digital Condition) on the Digital Interest Payment Date relating to the Digital Interest Period where the Digital Condition has occurred.

Multiplier Factor or **P** means, the multiplier used for the determination of the performance of the Underlying that (i) may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0 and (ii) will be specified in the applicable Final Terms;

Reference Value means the value of the Underlying, Basket Constituent or Basket, as the case may be, which will be (i) *in the case of a Basket Constituent or single Underlying,* either (A) *if the Final Terms specify a Digital Observation Period,* observed continuously in the regular trading hours during such Digital Observation Period, as displayed on the applicable Information Source and as specified in the applicable Final Terms, or (B) *otherwise, on any Digital Observation Date(s),* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms; or (ii) *in the case of a Basket,* determined in accordance with the definition of "Basket Calculation";

Reload Effect means that where such effect applies, on each Digital Interest Payment Date following the Digital Interest Payment Date in respect of which a Digital Condition has been satisfied (such a Digital Interest Payment Date in respect of which a Digital Condition has been satisfied, a **Reloaded Digital Interest Payment Date**), the Noteholder will receive a Digital Interest Amount equal to the Digital Interest Amount paid in respect of the Reloaded Digital Interest Payment Date.

The Notes will not provide simultaneously for the Consolidation Effect and the Reload Effect to apply.

III-2:

Where Digital is applicable, a fixed rate of interest will be paid on the relevant Digital Interest Payment Date equal to (i) Digital Rate 1 if the Digital Condition in relation to the Digital Interest Period has been satisfied or (ii) Digital Rate 2 if the Digital Condition in relation to the Digital Interest Period has not been satisfied.

Each Digital Interest Amount will be paid to the Noteholder in arrear on the relevant Digital Interest Payment Date. The Maturity Date may fall on the Digital Interest Payment Date or, if there is more than one Digital Interest Payment Date, it may fall on one of the Digital Interest Payment Dates.

If so provided in the applicable Final Terms, on the same Digital Interest Payment Date, the Noteholder shall have the right to receive an additional Digital Interest Amount linked to a different Digital Condition and whose payment will not depend upon the occurrence of the first Digital Condition.

The applicable Final Terms will specify whether, in relation to one or more Digital Interest Period, the Consolidation Effect, or the Memory Effect, or the Reload Effect are applicable.

III-3:

The amount of each Digital Interest Amount will be calculated by the Calculation Agent in accordance with the applicable formula set out in paragraph III-4, where such amount shall be rounded to the nearest EUR cent (with 0.005 EUR being rounded upwards) and it will be equal to the product of (A) the Nominal Amount, (B) Digital Rate 1 or Digital Rate 2, as the case may be, and (C) the Day Count Fraction.

III-4:

The formulas applicable to the calculation of Digital Interest Amounts are as follows:

(i) <u>If the Digital Condition has occurred in respect of a Digital Interest Period:</u>

C = NA × Digital Rate 1 × Day Count Fraction

(ii) <u>If the Digital Condition has not occurred in respect of a Digital Interest Period:</u>

C = NA × Digital Rate 2 × Day Count Fraction

Where

C means the Digital Interest Amount;

NA means the Nominal Amount specified in the applicable Final Terms;

Day Count Fraction means the day count fraction specified in the applicable Final Terms. For avoidance of doubt, the day count fraction may be the same for both the Digital Rates or differ in relation to each Digital Rate, as specified in the relevant Final Terms.

Digital Rate 1 and ***Digital Rate 2*** will be a fixed rate of interest specified in the applicable Final Terms depending upon the satisfaction or the non-satisfaction of a Digital Condition. Digital Rate 1, Digital Rate 2 and the Digital Condition might change for each Digital Interest Period;

Digital Condition may be, for each Digital Interest Period, a condition:

1) *linked to the performance of a single Underlying or Basket* (the **Single Performance Condition**)

The Single Performance Condition will be satisfied if the Performance of a single Underlying or Basket

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**), or

(B) falls within a range of values (the **Reference Range**) specified in the applicable Final Terms.

The **Performance** will be calculated as a Single Performance or a Basket Performance in accordance with the following method:

(a) in the case of a single Underlying, the Performance (**Single Performance$_{(i)}$**), will be calculated as a value or as an arithmetic mean in accordance with one of the following formulas as specified in the applicable Final Terms:

$$\text{Single Performance}_{(i)} = \frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$$

or

$$\text{Single Performance}_{(i)} = \frac{Underlying_{(i)}^{Final\ Average} - P \times Underlying_{(i)}^{Initial\ Average}}{Underlying_{(i)}^{Initial\ Average}}$$

or

$$\text{Single Performance}_{(i)} = \frac{Underlying_{(i)}^{Final\ Average} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$$

or

$$\text{Single Performance}_{(i)} = \frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial\ Average}}{Underlying_{(i)}^{Initial\ Average}}$$

Where

$\boldsymbol{P}$ means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means the Final Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means the Initial Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Final\ Average}}$ means the arithmetic mean of the Interim Final Reference Values of the relevant Underlying; and

$\boldsymbol{Underlying_{(i)}^{Initial\ Average}}$ means the arithmetic mean of the Interim Initial Reference Values of the relevant Underlying;

(b) in the case of a single Basket, the weighted average of the performances of each Basket Constituent (**Basket Performance$_{(i)}$**), will be calculated in accordance with the following formula:

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Single\ Performance_{(i)}SV \times W_{(i)}$

Where:

n means the number of the Basket Constituents;

$\boldsymbol{Single\ Performance_{(i)}SV}$ means the performance calculated as a value of each Basket Constituent in accordance with the formula specified above at paragraph 1(a);

$\boldsymbol{W_{(i)}}$ means the Basket Constituent Weight. The Basket Constituent Weight will be a percentage specified in the applicable Final Terms;

2) *linked to the performance of a number of Underlyings specified in the applicable Final Terms* (the **Podium Performance Condition**)

In the case of more than one Underlying or Basket, the Podium Performance Condition occurs when the Single Performance Condition has been satisfied at least in relation to the number ("**N**") of such Underlyings or Baskets specified in the applicable Final Terms. The Single Performance Condition is considered as having occurred in one of the following cases, as specified in the applicable Final Terms:

(A) the Single Performance of at least N Underlyings or the Basket Performance of at least N Baskets is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**) specified in the applicable Final Terms; or

(B) the Single Performance of at least N Underlyings or the Basket Performance of at least N Baskets falls within a range of values (the **Reference Range**) specified in the applicable Final Terms.

By way of example, if the applicable Final Terms provide for five Underlyings and the Podium Performance Condition is specified as being satisfied if the Single Performance of at least three Underlyings is higher than the relevant Barrier Level, the Podium Performance Condition will be satisfied if the Single Performances of three Underlyings out of five are higher than the relevant Barrier Level.

The Single Performance and/or the Basket Performance will be determined in accordance with the formulas specified at paragraphs 1(a) and 1(b) of this paragraph III.

3) *linked to the difference between the performance of two Underlyings* (the **Spread Performance Condition**)

The Spread Performance Condition will be satisfied when the difference between the Single Performance of an Underlying or the Basket Performance of a Basket (the **Underlying 1** or the **Basket 1**) and the Single Performance of another Underlying or another Basket Performance of a Basket (the **Underlying 2** or the **Basket 2**) (such difference, the **Spread Performance**) is:

(A) higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a percentage (the **Barrier Level**) specified in the applicable Final Terms; or

(B) falls within a range of percentages (the **Reference Range**) specified in the applicable Final Terms.

The Single Performance and/or the Basket Performance will be determined in accordance with the formula specified at paragraphs 1(a) and 1(b) of this paragraph III.

4) *linked to the Reference Value of a single Underlying/Basket* (the **Single Reference Value Condition**)

The Single Reference Value Condition will be satisfied when the Reference Value of a single Underlying or Basket, on the relevant Digital Observation Date(s) or at any time during a Digital Observation Period (as specified in the applicable Final Terms):

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**) specified in the applicable Final Terms; or

(B) falls within a range of values (the **Reference Range**) specified in the applicable Final Terms.

5) *linked to the Reference Values of a number of Underlyings or Baskets specified in the applicable Final Terms* (the **Podium Reference Value Condition**)

In the case of more than one Underlying or Basket, the Podium Reference Value Condition will be satisfied when the Single Reference Value Condition has been satisfied, on the relevant Digital Observation Date(s) or at any time during a Digital Observation Period (as specified in the applicable Final Terms), at least in relation to the number ("**N**") of such Underlyings or Baskets specified in the applicable Final Terms. The Single Reference Value Condition is considered as satisfied in one of the following cases as specified in the applicable Final Terms:

(A) the Single Reference Value of at least N Underlyings or Baskets is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**) specified in the applicable Final Terms; or

(B) the Single Reference Value of at least N Underlyings or Baskets falls within a range of values (the **Reference Range**) specified in the applicable Final Terms.

By way of example, if the applicable Final Terms provide for five Underlyings and the Podium Reference Value Condition is specified as having been satisfied if the Single Reference Value of at least three Underlyings is higher than the Barrier Level, the Podium Reference Value Condition will be satisfied if the Single Reference Values of three Underlyings out of five are higher than the relevant Barrier Level.

6) *linked to the difference between the Reference Values of two Underlyings* (the **Spread Reference Value Condition**)

The Spread Reference Value Condition is satisfied when the difference between the Single Reference Value of an Underlying or Basket (the **Underlying 1** or the **Basket 1**) and the Single Reference Value of another Underlying or Basket (the **Underlying 2** or the **Basket 2**) (such difference, the **Spread Reference Value**) on the relevant Digital Observation Date(s) or at any time during a Digital Observation Period (as specified in the applicable Final Terms) is:

(A) higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**) specified in the applicable Final Terms; or

(B) falls within a range of values (the **Reference Range**) specified in the applicable Final

Terms.

7) *linked to the best performance of a single Underlying or a single Basket* (the **Single Best Performance Condition**):

The Single Best Performance Condition will be satisfied if the Best Performance of a single Underlying or Basket

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**) specified in the applicable Final Terms, or

(B) falls within a range of values (the **Reference Range**) specified in the applicable Final Terms.

For the purposes of this paragraph, the **Best Performance** is the "n" highest performance (where "n" may be the first, the second, the third and so forth best performance) of the Underlying or Basket selected by the Calculation Agent from among the performances of the Underlying or Basket determined for two or more periods specified in the applicable Final Terms. The Best Performance will be determined as follows:

i. the Calculation Agent will determine the performance of the Underlying or Basket, for the periods specified in the applicable Final Terms, in accordance with the formulas specified above at paragraph 1(a) for single Underlyings and at paragraph 1(b) for Baskets;

ii. the Calculation Agent will then sort such performances in descending order, from the highest value to the lowest;

iii. the Best Performance will be the performance, in such descending order, that matches the number of best performance specified in the applicable Final Terms. By way of example, the Final Terms will indicate if the Best Performance will be the best performance of the Underlying or Basket among those determined for the periods specified in the applicable Final Terms or if the Best Performance will be the second best performance of the Underlying or Basket among those determined for the periods specified in the applicable Final Terms, and so forth.

8) *linked to the worst performance of a single Underlying or a single Basket* (the **Single Worst Performance Condition**):

The Single Worst Performance Condition will be satisfied if the Worst Performance of a single Underlying or Basket

(A) is higher than and/or equal to, or lower than and/or equal to (as specified in the applicable Final Terms) a value (the **Barrier Level**) specified in the applicable Final Terms, or

(B) falls within a range of values (the **Reference Range**) specified in the applicable Final Terms.

For the purposes of this paragraph, the **Worst Performance** is the "n" worst performance (where "n" may be the first, the second, the third and so forth worst performance) of the Underlying or Basket selected by the Calculation Agent among the performances of the Underlying or Basket determined for two or more periods specified in the applicable Final Terms. In such case, the Worst Performance will be determined as follows:

i. the Calculation Agent will determine the performance of the Underlying or Basket, on the periods specified in the applicable Final Terms, in accordance with the formulas specified above at paragraph 1(a) above for single Underlyings and at paragraph 1(b) above for Baskets;
ii. the Calculation Agent will then sort such performances in ascending order, from the lowest value to the highest;
iii. the Worst Performance will be the performance, in such ascending order, that matches the number of worst performance specified in the applicable Final Terms. By way of example, the Final Terms will indicate if the Worst Performance will be the lowest performance of the Underlying or Basket among those determined on the periods specified in the applicable Final Terms or if the Worst Performance will be the second lowest performance of the Underlying or Basket among those determined on the periods specified in the applicable Final Terms, and so forth.

IV. RANGE ACCRUAL INTEREST

IV-I: For the purposes of this sub-paragraph IV:

Fluctuation Range means a range of values that is to be considered in relation to the Reference Value (which may be inside or outside such range) for the purposes of the calculation of the Range Accrual Interest Amount in accordance with the applicable calculation formula. The Final Terms will specify (i) the values constituting such Fluctuation Range, or (ii) the percentages of the values constituting such Fluctuation Range to be determined as set out in the relevant Final Terms. For avoidance of doubt, the Fluctuation Range is always denominated in the same currency used for the determination of the Reference Values (even where this is a different currency from the Specified Currency). As specified in the relevant Final Terms, the lowest value of the Fluctuation Range may be equal to, or lower than, zero;

In Range Days means, in relation to a Range Accrual Interest Amount, the ratio between (i) the number of days within the Reference Period on which the Reference Value falls inside the relevant Fluctuation Range and (ii) the total number of days that constitutes the Reference Period, Expressed as formula as follows:

$$\textit{In Range Days} = \frac{n}{N}$$

Where:

"n" means the number of days within the relevant Reference Period on which the Reference Value falls inside the relevant Fluctuation Range. In order to determine "n", when the Reference Value falls within the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as inside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s) (therefore, whether such day(s) will be counted as "n" day(s)); similarly, if the Reference Value on a Business Day falls outside the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as outside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s); and

"N" means the total number of days (or Business Days, as specified in the applicable Final Terms) in the relevant Reference Period.

In Range Yield means the interest rate specified in the Final Terms, used for the calculation of the Range Accrual Interest Amount for the days when the Reference Value, in relation to the relevant Range Accrual Interest Period, is within the relevant Fluctuation Range.

Such interest rate will be, as specified in the applicable Final Terms, a fixed rate, or a floating rate (such as the yield of government securities, interbank offered rates, swap rates, specified in the Final Terms and determined in accordance with such Final Terms) as increased or reduced by the Margin (if so specified in the relevant Final Terms), or a rate equal to zero. Where the In Range Yield is a floating rate, the Out Range Yield will not be the same floating rate specified for the In Range Yield.

If the In Range Yield is zero, the Out Range Yield will be greater than zero.

If the In Range Yield is a fixed rate, such rate may be identical or different in relation to each Range Accrual Interest Period.

Margin means the percentage to be added or to be subtracted (as specified in the applicable Final Terms) to the In Range Yield or Out Range Yield.

The Margin may be the same throughout all the Range Accrual Interest Periods, or it may change in relation to each Range Accrual Interest Period, as specified in the applicable Final Terms;

Out Range Days means, in relation to a Range Accrual Interest Amount, the ratio between (i) the number of days within the Reference Period on which the Reference Value of the Reference Rate falls outside the relevant Fluctuation Range and (ii) the total number of days that constitutes the Reference Period, expressed as a formula as follows:

$$Out\ Range\ Days = \frac{(N-n)}{N}$$

Where:

"n" means the number of days within the relevant Reference Period on which the Reference Value falls inside the relevant Fluctuation Range. In order to determine "n", when the Reference Value falls within the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as inside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s) (therefore, whether such day(s) will be counted as "n" day(s)); similarly, if the Reference Value on a Business Day falls outside the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as outside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s); and

"N" means the total number of days (or Business Days, as specified in the applicable Final Terms) in the relevant Reference Period.

Out Range Yield means the interest rate specified in the Final Terms used for the calculation of the Range Accrual Interest Amount for the days when the Reference Value, in relation to the relevant Range Accrual Interest Period, is outside the relevant Fluctuation Range.

Such interest rate will be, as specified in the Final Terms, a fixed rate, or a floating rate (such as the yield of government securities, interbank offered rates, swap rates specified in the Final Terms and determined in accordance with such Final Terms) increased or reduced by the Margin (if so specified in the relevant Final Terms), or a rate equal to zero. Where the Out Range Yield is a floating rate, the In Range Yield will not be the same floating rate that represents the Out Range Yield.

If the Out Range Yield is zero, the In Range Yield will be greater than zero.

If the Out Range Yield is a fixed rate, such rate may be identical or different in relation to each Range Accrual Interest Period.

Range Accrual Interest Amount means the interest amount determined as specified in this paragraph;

Range Accrual Interest Payment Date means one or more Business Day(s), specified in the applicable Final Terms, on which the Issuer shall pay, in arrear the Range Accrual Interest Amounts;

Reference Period means the period during which the level of the Reference Value will be determined, for the purposes of the calculation of the Range Accrual Interest Amount pursuant to the relevant calculation formula. The Reference Period will be specified in the Final Terms; and

Reference Value means, in relation to a Range Accrual Interest Amount, to the Underlying(s) and to any day within the relevant Reference Period, the value on such day, or the differential between the values of two Underlyings determined on such day or the differential between the values determined on different days of the Underlying which will be (i) *in the case of a Basket Constituent or single Underlying,* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* determined in accordance with the definition of "Basket Calculation".

IV-2:

Where Range Accrual Interest is applicable, payment of interest (at the rate of interest specified in the Final Terms) will depend on whether the Reference Value of the Underlying (or the Reference Values of more than one Underlying, or the difference between the Reference Values of two Underlyings) falls inside or outside the relevant Fluctuation Range. In the first case, the interest rate will be equal to the In Range Yield specified in the applicable Final Terms; in the second case, the interest rate will be equal to the Out Range Yield specified in the applicable Final Terms.

The In Range Yield and the Out Range Yield may be equal to zero. In such case, the amount of the Range Accrual Interest Amounts will be higher than zero only when the Reference Value falls inside the Fluctuation Range (when the Out Range Yield is zero) or outside the Fluctuation Range (when the In Range Yield is zero).

Each Range Accrual Interest Amount will be paid to the Noteholder in arrear on the relevant Range Accrual Interest Payment Date. The Maturity Date may fall on the Range Accrual Interest Payment Date or, if there is more than one interest payment date, it may fall on one of the Range Accrual Interest Payment Dates.

IV-3:

The amount of each Range Accrual Interest Amount will be calculated by the Calculation Agent in accordance with the formulas set out in paragraph IV-4 with such amount rounded to the nearest EUR cent (with 0.005 EUR being rounded upwards) and will be equal to the product of (A) the Nominal Amount, (B) the lower of (i) the Maximum Rate (if applicable); and (ii) the higher of (x) the Minimum Rate (if applicable) and (y) the sum of

(1) a rate equal to the product of (I) the In Range Yield, and (II) the ratio between (i) the number of days in which the Reference Value falls inside the Fluctuation Range (In **Range** Days) and (ii) the total number of days of the Reference Period; and

(2) a rate equal to the product of (I) the Out Range Yield, and (II) the ratio between (i) the number of days in which the Reference Value falls outside the Fluctuation Range (Out Range Days) and (ii) the total number of days of the Reference Period,

and (C) the Day Count Fraction.

Each Range Accrual Interest Amount may be linked to more than one Underlying. In such case, the applicable Final Terms will specify the number of Underlyings that have to fall inside or outside the Fluctuation Range, in order to determine the In Range Days and the Out Range Days. By way of example,

the applicable Final Terms may indicate that, in order to determine the Range Accrual Interest Amount, the In Range Yield will be payable if at least three Underlyings out of five fall inside the Fluctuation Range. Conversely, the Out Range Yield will be payable.

Finally, it should be noted that the In Range Yield and the Out Range Yield may be the same until the Maturity Date (and identical for all the Range Accrual Interest Periods) or differ in relation to each Range Accrual Interest Period as specified in the Final Terms.

IV-4:

The formula applicable to the calculation of Range Accrual Interest Amounts is as follows:

C = NA × min {Maximum Rate; max {Minimum Rate; [In Range Yield × (In Range Days) + Out Range Yield × (Out Range Days)]}}

Where

C means the Range Accrual Interest Amount;

NA means the Nominal Amount specified in the applicable Final Terms.

The relevant Final Terms will specify whether, for the purpose of the calculation of the Range Accrual Interest Amount, the Maximum Rate and/or the Minimum Rate will be applicable.

V. SPREAD INTEREST

V-1: For the purposes of this sub-paragraph V:

Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Final Reference Value means the value of such Underlying determined on the Final Observation Date and which will be (i) *in the case of a Basket Constituent or single Underlying,* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* determined in accordance with the definition of "Basket Calculation";

Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Initial Reference Value means the value of such Underlying determined on the Initial Observation Date and which will be (i) *in the case of a Basket Constituent or single Underlying,* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* determined in accordance with the definition of "Basket Calculation";

Interim Final Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Final Reference Value means the value of such Underlying determined on the Interim Final Observation Date and which will be (i) *in the case of a Basket Constituent or single Underlying,* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* determined in accordance with the definition of "Basket Calculation";

Interim Initial Observation Date(s) means the date(s) specified as such in the applicable Final Terms;

Interim Initial Reference Value means the value of such Underlying determined on the Interim Initial Observation Date and which will be (i) *in the case of a Basket Constituent or single Underlying,* published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket,* determined in accordance

with the definition of "Basket Calculation";

Margin means the percentage to be added or to be subtracted (as specified in the applicable Final Terms) to the amount of the Spread multiplied by the Participation Factor;

Participation Factor or **PF** means the multiplier used to determine the exposure of the Note to the spread between the values or the performances of two Underlyings;

The Participation Factor may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0;

Performance means the performance of the Underlying calculated according to the following formula:

$$\frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$$

Where:

P means the multiplier that (i) may be higher than, or lower than, or equal to 1 (i.e. 100%) or equal to 0 and (ii) will be specified in the applicable Final Terms;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means the Final Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means the Initial Reference Value of the relevant Underlying;

Reference Value means in relation to a Spread Interest Amount and an Underlying:

(a) where such Spread Interest Amount is linked to the Spread between the prices or levels of two Underlyings:

(i) if a single Observation Date is specified in the Final Terms in relation to the Underlying, the value of the Underlying on the relevant Observation Date as (i) *in the case of a Basket Constituent or single Underlying*, published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket*, determined in accordance with the definition of "Basket Calculation";

(ii) if more than one Observation Date is specified in the Final Terms in relation to the Underlying, the arithmetic mean of the values of such Underlying determined on the relevant Observation Dates, as (i) *in the case of a Basket Constituent or single Underlying*, published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms or (ii) *in the case of a Basket*, determined in accordance with the definition of "Basket Calculation";

(b) where the Spread Interest Amount is linked to the Spread between the performance of two Underlyings, as the case may be, the Initial Reference Value or the Final Reference Value, the Interim Initial Reference Value or the Interim Final Reference Value of such Underlying, as the case may be;

Spread means the differential between the values or the performances of the two Underlyings specified in the relevant Final Terms. The Spread is calculated as a percentage, in accordance with one of the formulas below, as specified in the relevant Final Terms:

Spread = Reference Value of Underlying 1 – Reference Value of Underlying 2

or, if the two Underlyings are not percentage rates (i.e. they are not interest rates, inflation rates or swap

rates):

Spread = Performance of Underlying 1 – Performance of Underlying 2

Spread Interest Amount means the amount of interest determined as specified in this paragraph V;

Spread Interest Payment Date means one or more Business Day(s), specified in the applicable Final Terms, on which the Issuer shall pay, in arrear the Spread Interest Amounts;

Spread Option means the option that provides exposure to the difference between the values or the performance of two Underlyings multiplied by the Participation Factor;

Underlying 1 means the underlying financial asset specified as such in the relevant Final Terms;

Underlying 2 means the underlying financial asset specified as such in the relevant Final Terms;

V-2:

The Spread Interest Amount provides exposure, to the extent of the Participation Factor, to the difference (the **Spread**) between the Reference Values or the Performances of two Underlyings.

Each Spread Interest Amount will be paid to the Noteholder in arrear on the relevant Spread Interest Payment Date. The Maturity Date may fall on the Spread Interest Payment Date or, if there is more than one Spread Interest Payment Date, it may fall on one of the Spread Interest Payment Dates.

The amount of each Spread Interest Amount will be calculated by the Calculation Agent in accordance with the formulas set out in paragraph V-3, where such amount is rounded to the nearest EUR cent (with 0.005 EUR being rounded upwards) and it will be equal to the product of (A) the Nominal Amount, (B) the lower of (i) the Maximum Rate (if applicable); and (ii) the higher of (x) the Minimum Rate (if applicable) and (y) the Spread between the Reference Values or performances of two Underlyings specified in the applicable Final Terms, multiplied by the Participation Factor and increased or decreased by the Margin and (C) the Day Count Fraction.

It should be noted that the Participation Factor may be equal to, lower than or higher than 1 (100%) or equal to 0. In the case the Participation Factor is equal to 100% and the Margin is equal to 0, the Spread Interest Amount will be calculated by reference to the whole Spread. Conversely, if the applicable Participation Factor is lower than 100%, the Spread Interest Amount will be calculated by reference to a fraction of the Spread. Finally, if the applicable Participation Factor is higher than 100%, the Spread Interest Amount will be calculated by reference to a multiple of the Spread.

V-3:

The formula applicable to the calculation of Spread Interest Amounts is as follows:

$$C = NA \times \min \{Maximum\ Rate; \max \{Minimum\ Rate; [PF \times \max (0; Spread) +/- Margin]\}\}$$

Where:

C means the Spread Interest Amount;

NA means the Nominal Amount specified in the applicable Final Terms;

PF means the Participation Factor.

The relevant Final Terms will specify whether, for the purpose of the calculation of the Spread Interest

Amount, the Maximum Rate and/or the Minimum Rate and/or the Margin will be applicable.

(b) Fixed Rate Interest

This Condition 3(b) applies to Notes bearing Fixed Rate Interest only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 3(b) for full information on the manner in which interest is calculated on the Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Fixed Interest Accrual Dates, Fixed Interest Period(s), the Rate(s) of Interest, the Fixed Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction, the Business Day Convention and any applicable Determination Date. The Rate of Interest may be specified in the applicable Final Terms either (x) as the same Rate of Interest for all Fixed Interest Periods or (y) as a different Rate of Interest in respect of one or more Fixed Interest Periods.

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

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

(1) the Following Business Day Convention, such Fixed Interest Payment Date shall be postponed to the next day which is a Business Day; or

(2) the Modified Following Business Day Convention, such Fixed Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Fixed Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(3) the Preceding Business Day Convention, such Fixed Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Where the Business Day Convention is specified in the applicable Final Terms as being "Not applicable", the relevant date shall not be adjusted in accordance with any Business Day Convention.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Fixed Interest Payment Date in respect of the Fixed Interest Period will amount to the Fixed Coupon Amount. Payments of interest on any Fixed Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by:

(1) applying the relevant Rate of Interest to:

(A) in the case of Notes which are represented by a Global Note, the aggregate outstanding

nominal amount of the Notes represented by such Global Note; or

(B) in the case of Notes in definitive form, the Calculation Amount

and,

(2) in each case, multiplying such result by the applicable Day Count Fraction.

The resultant figure will be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of (i) the amount (determined in the manner provided above) for the Calculation Amount, (ii) the Specified Denomination and (iii) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(c) Fixed Reset Rate Interest

This Condition 3(c) applies to Notes bearing Fixed Reset Rate Interest only. The applicable Final Terms contains provisions applicable to the determination of fixed reset rate interest and must be read in conjunction with this Condition 3(c) for full information on the manner in which interest is calculated on the Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Fixed Reset Interest Period, the Fixed Reset Interest Accrual Dates, the Initial Rate of Interest, the Fixed Reset Interest Payment Date(s), the Reset Date(s), the Reset Rate, the Reset Reference Rate(s), the Reset Margin(s), the Reset Determination Date(s), the Reset Rate Time, the Reset Rate Screen Page, the Mid Swap Maturity, the Day Count Fraction and the Relevant Financial Centre.

Each Fixed Reset Rate Note bears interest:

i. in respect of the period from (and including) first Fixed Reset Interest Accrual Date (or the Interest Commencement Date) to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the first Fixed Reset Interest Accrual Date (or the Interest Commencement Date)), at the rate per annum equal to the Initial Rate of Interest; and

ii. in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 3(c),

(such periods under (a) and (b) above, collectively, the **Fixed Reset Interest Period**)

payable, in each case, in arrear on the interest payment dates(s) (specified in the Final Terms) (each a **Fixed Reset Interest Payment Date**).

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

(1) the Following Business Day Convention, such Fixed Reset Interest Payment Date shall be postponed to the next day which is a Business Day; or

(2) the Modified Following Business Day Convention, such Fixed Reset Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Fixed Reset Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(3) the Preceding Business Day Convention, such Fixed Reset Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Where the Business Day Convention is specified in the applicable Final Terms as being "Not applicable", the relevant date shall not be adjusted in accordance with any Business Day Convention.

In these Terms and Conditions:

Mid Swap Benchmark Rate means EURIBOR if the Specified Currency is euro or the London Interbank Offered Rate (LIBOR) for the Specified Currency if the Specified Currency is not euro.

Mid Swap Maturity means the maturity specified in the applicable Final Terms.

Mid Swap Rate means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term of equal to the relevant Reset Period and commencing on the relevant Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

Reference Bond means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be a state so specified in the applicable Final Terms) selected by the Issuer as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of bank debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period.

Reference Bond Price means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

Reference Government Bond Dealer means each of five banks (selected by the Issuer), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing bank bond issues.

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

Reset Determination Date means for each Reset Period the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined.

Reset Period means the period from (and including) the Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date (or the Maturity Date).

Reset Rate for any Reset Period means either (i) the rate per annum specified in the applicable Final Terms or (ii), in the event (i) above does not apply, a rate per annum equal to the sum of (a) the applicable Reset Reference Rate and (b) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down).

Reset Reference Rate means either:

(A) if "**Mid Swaps**" is specified in the Final Terms, the Mid Swap Rate displayed on the Reset Rate Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or

(B) if "Reference Bond" is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

If **"Mid Swaps**" is specified in the Final Terms and if the Reset Rate Screen Page is not available, the Calculation Agent (or the Issuer, if the Calculation Agent is the Principal Paying Agent) shall apply the Disruption Fallback(s) in respect of the Reset Reference Rate specified in the applicable Final Terms (provided that, if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reset Reference Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply).

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Fixed Reset Interest Payment Date in respect of the period ending on (but excluding) the relevant accrual date will amount to the interest amount (the **Fixed Reset Interest Amount**). Payments of interest on any Fixed Reset Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Reset Interest Amount or Broken Amount is specified in the applicable Final Terms, the Calculation Agent will calculate the Fixed Reset Interest Amount payable on the Fixed Reset Rate Notes for the relevant period by:

(1) applying the Initial Rate of Interest or the applicable Reset Rate (as the case may be) to:

(A) in the case of Fixed Reset Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Reset Rate Notes represented by such Global Note; or

(B) in the case of Fixed Reset Rate Notes in definitive form, the Calculation Amount;

and,

(2) in each case, multiplying such result by the applicable Day Count Fraction.

The resultant figure will be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Reset Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Reset Rate Note shall be the product of (i) the amount (determined in the manner provided above) for the Calculation Amount, (ii) the Specified Denomination and (iii) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The Agent will cause the Reset Rate and each Fixed Reset Interest Amount for each Reset Period to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Fixed Reset Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter.

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

For the purposes of this Condition 3(c), **Reset Date**, **Reset Margin**, **Reset Rate Screen Page** and **Reset Rate Time** should have the meanings given to those terms in the applicable Final Terms.

(d) Floating Rate Interest

This Condition 3(d) applies to Notes bearing Floating Rate Interest only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 3(d) for full information on the manner in which interest is calculated on Notes bearing Floating Rate Interest. In particular, the applicable Final Terms will identify any Floating Interest Payment Dates, any Floating Interest Period, any Floating Interest Accrual Dates, any Interest Commencement Date, the Business Day Convention and any Additional Business Centres. In respect of Notes bearing Floating Rate Interest, the applicable Final Terms will specify whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Calculation Agent, the Margin (if any), the Rate Multiplier (if any), whether Difference in Rates applies as the manner in which the Rate of Interest is to be determined, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where the Screen

Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

i. *Floating Interest Payment Dates*

Notes may bear interest in respect of each **Floating Interest Period** (which expression shall, in these Conditions, mean the period from (and including) the first Floating Interest Accrual Date (or the Interest Commencement Date) to (but excluding) the next (or first) Floating Interest Accrual Date) and such interest will be payable in arrear on the interest payment dates(s) specified in the Final Terms (each a **Floating Interest Payment Date**).

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

(1) the Following Business Day Convention, such Floating Interest Payment Date shall be postponed to the next day which is a Business Day; or

(2) the Modified Following Business Day Convention, such Floating Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(3) the Preceding Business Day Convention, such Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Where the Business Day Convention is specified in the applicable Final Terms as being "Not applicable", the relevant date shall not be adjusted in accordance with any Business Day Convention.

ii. *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Notes bearing Floating Rate Interests*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Floating Interest Period will be the relevant ISDA Rate multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin, if any, all as determined by the Calculation Agent and provided that the Rate of Interest may not be less than zero. For the purposes of this sub paragraph (A), **ISDA Rate** for a Floating Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA**

Definitions) and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity is a period specified in the applicable Final Terms;

(3) the relevant Reset Date is as specified in the applicable Final Terms; and

(4) the applicable Disruption Fallbacks are specified in the applicable Final Terms.

For the purposes of this sub paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity, Reset Date** and **Disruption Fallbacks** have the meanings given to those terms in the ISDA Definitions and **Margin** and **Rate Multiplier** have the meanings given to those terms in the applicable Final Terms.

(B) *Screen Rate Determination for Notes bearing Floating Rate Interest other than Notes bearing CMS Rate Linked Interest – Term Rate*

Where Screen Rate Determination and Term Rate are both specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Floating Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) or at the Specified Time specified in the applicable Final Terms on the Interest Determination Date in question, in each case multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Calculation Agent and provided that the Rate of Interest may not be less than zero. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (ii)(B)(1) above, no such offered quotation appears or, in the case of (ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, in order to determine the Rate of Interest, the Calculation Agent shall apply the Disruption Fallback(s) in respect of the Reference Rate

specified in the applicable Final Terms (provided that, if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply).

However, if in relation to any Interest Determination Date:

(i) the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the provisions set out in the applicable Final Terms; or

(ii) a rate or (as the case may be) an arithmetic mean cannot be published in accordance with the applicable laws and regulations (in particular, the Benchmark Regulation) in relation to any Interest Determination Date,

the Rate of Interest applicable to the Notes during such Interest Period will be (i) the last offered quotation or (i) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the last offered quotations, (expressed as a percentage rate per annum) for the Reference Rate, as the case may be, which appeared on the Relevant Screen Page, in each case multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any).

For the purposes of this sub-paragraph (B), **Interest Determination Date**, **Disruption Fallbacks**, **Margin**, **Rate Multiplier**, **Reference Rate**, **Relevant Screen Page** and **Specified Time** shall have the meanings given to those terms in the applicable Final Terms.

(C) *Screen Rate Determination for Notes bearing Floating Rate Interest other than CMS Rate Linked Interest Notes – Overnight Rate*

Where Screen Rate Determination and Overnight Rate are both specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the applicable Final Terms will also specify the Calculation Method either as Compounded Daily Rate (in which case the provisions of paragraph (1) below shall apply) or Weighted Average Rate (in which case the provisions of paragraph (2) below shall apply).

If, in respect of any Relevant Business Day on which an applicable rate is required to be determined, such rate is not available on the Relevant Screen Page (and has not otherwise been published by the relevant authorised distributors), then the Calculation Agent shall apply the Disruption Fallback(s) in respect of the Reference Rate specified in the applicable Final Terms (provided that, if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply). However, if in relation to any Interest Determination Date:

(i) the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the provisions set out in the applicable Final Terms; or

(ii) a rate or (as the case may be) an arithmetic mean cannot be published in accordance with the applicable laws and regulations (in particular, the Benchmark Regulation) in relation to any Interest Determination Date,

for the determination of the Rate of Interest applicable to the Notes during such Interest Period , the rate to be used in the Calculation Method specified in the applicable Final Terms will be the last rate available on the Relevant Screen Page (or which has been otherwise published by the relevant authorised distributors).

The Rate of Interest for such Interest Period will be the Compounded Daily Reference Rate or the Weighted Average Reference Rate so determined (depending on the Calculation Method specified in the applicable Final Terms) multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the applicable Margin.

For the purposes of this sub-paragraph (C), **Interest Determination Date**, **Disruption Fallbacks**, **Margin**, **Rate Multiplier**, **Reference Rate** and **Relevant Screen Page** shall have the meanings given to those terms in the applicable Final Terms.

(1) Calculation Method – Compounded Daily Rate

Where the applicable Final Terms specify the Calculation Method as Compounded Daily Rate, the Rate of Interest for an Interest Period will be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms) the applicable Margin, where:

"**Compounded Daily Reference Rate**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate – being either SONIA or SOFR or the Other Overnight Rate, as specified in the applicable Final Terms as the reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date, in accordance with the following formula (and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

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

where:

"**D**" is the number of calendar days specified in the applicable Final Terms;

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**" is the number of Relevant Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d_o, each representing a Relevant Business Day in chronological order from, and including, the first Relevant Business Day in the relevant Interest Period;

"**RBD**" means a "**Relevant Business Day**", being any day which is a business day within the meaning specified in the applicable Final Terms.

"**ni**" for any Relevant Business Day "i", means the number of calendar days from and including such Relevant Business Day "i" up to (but excluding) the following Relevant Business Day;

"**p**" means, for any Interest Period:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of Relevant Business Days included in the Observation Look-Back Period specified in the applicable Final Terms (or, if no such number is specified, five Relevant Business Days), provided that "p" shall not be less than three Relevant Business Days at any time and shall not be less than five Relevant Business Days without prior written approval of the Calculation Agent; or

(b) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero;

"**r**" means:

(a) if "SONIA" is specified in the applicable Final Terms as the applicable Reference Rate and "Lag" is specified as the Observation Method, in respect of any Relevant Business Day, the SONIA rate in respect of such Relevant Business Day;

(b) if "SOFR" is specified in the applicable Final Terms as the applicable Reference Rate and "Lag" is specified as the Observation Method, in respect of any Relevant Business Day, the SOFR in respect of such Relevant Business Day;

(c) if "SONIA" is specified in the applicable Final Terms as the applicable Reference Rate and "Lock-out" is specified as the Observation Method:

(i) in respect of any Relevant Business Day "i" that is a Reference Day (being a Relevant Business Day in the Lock-out Period), the SONIA rate in respect of the Relevant Business Day immediately preceding such Reference Day; and

(ii) in respect of any Relevant Business Day "i" that is not a Reference Day (being a Relevant Business Day in the Lock-out Period), the SONIA rate in respect of the Relevant Business Day immediately preceding the Interest Determination Date for the relevant Interest Period; and

(d) if "SOFR" is specified in the applicable Final Terms as the applicable Reference Rate and 'Lock-out' is specified as the Observation Method:

(i) in respect of any Relevant Business Day "i" that is a Reference Day, the SOFR in respect of the Relevant Business Day immediately preceding such Reference Day; and

(ii) in respect of any Relevant Business Day "i" that is not a Reference Day (being a Relevant Business Day in the Lock-out Period), the SOFR in respect of the Relevant Business Day immediately preceding the Interest Determination Date for the relevant Interest Period;

(e) if "Other Overnight Rate" is specified in the applicable Final Terms as the applicable Reference Rate, the Other Overnight Rate in respect of the Relevant Business Day specified in the applicable Final Terms;

"**ri=*pRBD***" means the applicable Reference Rate as set out in the definition of "r" above for:

(a) where "Lag" is specified as the Observation Method in the applicable Final Terms the Relevant Business Day (being a Relevant Business Day falling in the relevant Observation Period) falling "*p*" Relevant Business Days prior to the applicable Relevant Business Day "i"; or

(b) where "Lock-out" is specified as the Observation Method in the applicable Final Terms the applicable Relevant Business Day "i".

(2) Calculation Method – Weighted Average Rate

Where the applicable Final Terms specify the Calculation Method as Weighted Average Rate, the Rate of Interest for an Interest Period will be the Weighted Average Reference Rate plus or minus (as indicated in the applicable Final Terms) the applicable Margin, where:

"**Weighted Average Reference Rate**" means, as calculated by the Calculation Agent as at the relevant Interest Determination Date, in accordance with the following sub-paragraphs (and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

(a) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the sum of the Reference Rates in respect of each calendar day during the relevant Observation Period divided by the number of calendar days in the relevant Observation Period (and, for these purposes, the Reference Rate in respect of any such calendar day which is not a Relevant Business Day shall be deemed to be the Reference Rate in respect of the Relevant Business Day immediately preceding such calendar day); or

(b) where 'Lock-out' is specified as the Observation Method in the applicable Final Terms, the sum of the Reference Rates in respect of each calendar day during the relevant Interest Period divided by the number of calendar days in the relevant Interest Period (and, for these purposes, the Reference Rate in respect of any such calendar day which is not a Relevant Business Day shall be deemed

to be the Reference Rate in respect of the Relevant Business Day immediately preceding such calendar day), provided however that for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate will be deemed to be the Reference Rate in respect of the Relevant Business Day immediately preceding the Interest Determination Date for the relevant Interest Period.

(D) *Screen Rate Determination for Notes bearing Floating Rate Interest which are Notes bearing CMS Rate Linked Interest*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Floating Interest Period will, subject as provided below, be the CMS Rate multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Calculation Agent and provided that the Rate of Interest may not be less than zero.

If the Relevant Screen Page is not available, the Calculation Agent (or the Issuer, if the Calculation Agent is the Principal Paying Agent) shall apply the Disruption Fallback(s) in respect of the CMS Rate specified in the applicable Final Terms (provided that, if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the CMS Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply).

However, if in relation to any Interest Determination Date:

(i) the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the provisions set out in the applicable Final Terms; or

(ii) a rate or (as the case may be) an arithmetic mean cannot be published in accordance with the applicable laws and regulations (in particular, the Benchmark Regulation) in relation to any Interest Determination Date,

the Rate of Interest applicable to the Notes during such Interest Period will be the last CMS Rate appeared on the Relevant Screen Page multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any).

For the purposes of this sub-paragraph (D):

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.

Designated Maturity, Interest Determination Date(s), Margin, **Rate**

Multiplier, Reference Currency, Relevant Screen Page and **Specified Time** shall have the meanings given to those terms in the applicable Final Terms.

Relevant Swap Rate means:

1) 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 Floating 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 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**)) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

2) 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 Floating 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;

3) where the Reference Currency is United States 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 Floating 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

4) 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.

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

(E) *Difference in Rates*

Where Difference in Rates is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Floating Interest Period will, subject as provided below, be the Difference in Rates multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Calculation Agent and provided that the Rate of Interest may not be less than zero.

For the purposes of this sub-paragraph (E):

Difference in Rates means an amount equal to Rate 2 minus Rate 1, provided that if such amount is less than zero, it shall be deemed to be zero; and

Rate 1 and **Rate 2** shall have the meanings given to those terms in the applicable Final Terms, and each shall be determined in accordance with subparagraph (A), (B), (C) (D) above as specified in the applicable Final Terms, as if each of Rate 1 and Rate 2 were an ISDA Rate, a Reference Rate or a CMS Rate, as appropriate.

(F) *Benchmark replacement*

If the Issuer (in consultation with the Calculation Agent (or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s))) determines that a Benchmark Event has occurred, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply.

If the Substitute Rate is specified as "Not applicable" in the relevant Final Terms, then:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the determination of a Successor Rate or of an alternative rate (the "**Alternative Benchmark Rate**") (if the Independent Adviser determines that there is no Successor Rate) and, in either case, an alternative screen page or source (the "**Alternative Relevant Screen Page**") and an Adjustment Spread (if applicable) no later than ten (10) Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**Interest Determination Cut-off Date**") for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(d)(ii)(F));

(ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser acting in good faith determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser acting in good faith believes is most comparable to the relevant

Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;

(iii) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Cut-off Date in accordance with sub-paragraph (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; provided however that if (a) this sub-paragraph (iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page no later than five (5) Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (iii), or (b) in case of Notes which qualify as eligible liabilities under MREL Requirements and Benchmark Event is specified as applicable in the relevant Final Terms, the provisions under this Condition 3(d)(ii)(F) would cause the occurrence of a MREL Disqualification Event, ***then*** the Reference Rate applicable to such Interest Period shall be equal to the last value published on the Relevant Screen Page to be used for the determination of the Reference Rate as specified in the applicable Final Terms, multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 3(d)(ii)(F);

(iv) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page shall be the Reference Rate and the Relevant Screen Page in relation to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(d)(ii)(F) and shall be multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods;

(v) if the Independent Adviser determines that (a) an Adjustment Spread is required to be applied to the Successor Rate or Alternative Benchmark Rate and (b) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent

determination of a relevant Rate of Interest and Interest Amount(s) (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate;

(vi) if a Successor Rate or an Alternative Benchmark Rate and/or Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser may also specify amendments to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate and/or Adjustment Spread, which amendments shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(d)(ii)(F)); and

(vii) references to the Reference Rate in the Conditions and the Final Terms will be deemed to be references to the Successor Rate or to the Alternative Benchmark Rate, as the case may be, including any alternative method for determining such rate as described in paragraphs (v) and (vi) if applicable, the Independent Adviser will notify the Issuer of the foregoing as soon as reasonably practicable and the Issuer will give notice as soon as reasonably practicable to the Noteholders and the Agent specifying the Successor Rate or Alternative Benchmark Rate, as well as the details described in this paragraph. The replacement by the Successor Rate or by the Alternative Benchmark Rate and the other matters referred to above will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Agent and the Noteholders.

For the avoidance of doubt, no consent of the Noteholders shall be required for a variation (as applicable) of the Notes in accordance with paragraphs (v) and (vi) above.

If the Substitute Rate is specified as "Applicable" in the relevant Final Terms, then:

(i) such rate (and the spread adjustment indicated in the relevant Final Terms, if applicable) and the related screen page or source (indicated in the relevant Final Terms) shall automatically replace the Reference Rate for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods;

(ii) references to the Reference Rate in the Conditions and the Final Terms will be deemed to be references to the Substitute Rate; and

(iii) the replacement by the Substitute Rate and the other matters referred to above will be final and binding on the Issuer, the Calculation Agent, the Agent and the Noteholders.

Provided that, if the applicable Final Terms specifies more than one Successor Rate and/or more than one spread adjustment, this means that – if the Calculation Agent cannot determine the first Successor Rate and/or the first spread adjustment – the Reference Rate shall be substituted by one of the other

Substitute Rates in the order specified in the applicable Final Terms and the adjustment spread shall be one of the other alternatives in the order specified in the applicable Final Terms.

iii. *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will - at or as soon as practicable after each time at which the Rate of Interest is to be determined - determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable in relation to the relevant Interest Period by:

(1) applying the Rate of Interest to:

(A) in the case of Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Notes in definitive form, the Calculation Amount,

and,

(2) in each case, multiplying such result by the applicable Day Count Fraction.

The resultant figure will be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of (i) the amount (determined in the manner provided above) for the Calculation Amount and (ii) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

iv. *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time

designated in the Reference Rate.

v. *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Notes bearing Floating Rate Interest are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the first day on the Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes bearing Floating Rate Interest are for the time being listed and to the Noteholders in accordance with Condition 15.

vi. *Certificates to be final*

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

vii. *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with this Condition 3 above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with this Condition 3 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

The Minimum Rate of Interest and the Maximum Rate of Interest may be the same throughout all the Interest Periods, or it may change in relation to each Interest Period, as specified in the applicable Final Terms.

The Minimum Rate of Interest and the Maximum Rate of Interest may be:

(i) a Fixed Rate;

(ii) a Reference Rate increased or decreased by a Margin, specified in the Applicable Final Terms;

(iii) a rate linked to the Reference Value or to the performance of an Underlying

(determined in accordance to the method of calculation of the Call Performance (as set out in Condition 3(a)), to the extent of the Participation Factor (that may be equal to, higher than or lower than 100%, as specified in the applicable Final Terms).

viii. *Global Cap / Global Floor*

The Notes may provide for the application of a Global Cap or a Global Floor.

If the applicable Final Terms provide for a Global Cap, this means that the sum of the Interest Amounts paid during the life of the Note may not be higher than the percentage of the Nominal Amount indicated in the Final Terms as "Global Cap".

If the applicable Final Terms provide for a Global Floor, this means that the sum of the Interest Amounts paid during the life of the Note may not be lower than the percentage of the Nominal Value indicated in the Final Terms as "Global Floor". When the sum of the Interests does not reach the Global Floor, the Note will pay, at maturity, an additional Interest Amount whose amount is equal to the difference between the Global Floor and the sum of the Interest Amounts paid during the life of the Note.

(e) Change of Interest Basis

i. 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 3(a), Condition 3(b), Condition 3(c) or Condition 3(d) above, each applicable only for the relevant periods specified in the applicable Final Terms.

ii. 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 15 on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Fixed Reset Rate or from Floating Rate to Fixed Rate or Fixed Reset 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 15 prior to the relevant Switch Option Expiry Date.

(f) Accrual of interest

Each Note will cease to bear interest (if any) from the date for its redemption unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

i. the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and

ii. five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 15.

4. PAYMENTS

(i) *Method of payment – Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the **Record Date**). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or integral multiples of U.S.$1,000 in excess thereof) (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (i) (in the case of payment in a Specified Currency other than euro) a bank in the Principal Financial Centre of the country of such Specified Currency; and (ii) (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due

date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

Neither the Issuer nor any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(ii) *Method of payment – Bearer Notes*

Payments of principal in respect of Bearer Notes will be made against presentation outside the United States or its possessions and surrender of the relevant Bearer Notes to the Issuer and Paying Agent at the office of the Principal Paying Agent outside of the United States or its possessions as specified in the applicable Final Terms.

Payments of interest in respect of Bearer Notes will be made against presentation outside the United States or its possessions of the relevant Bearer Notes to the Issuer and Paying Agent at the office of the Issuer and Paying Agent outside the United States or its possessions as specified in the applicable Final Terms, subject, in the case of payments made in respect of the Temporary Global Note of any Series, to certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not United States persons, or persons who have purchased for resale directly or indirectly to any United States person or to a person within the United States or its possessions, as required by U.S. Treasury Regulations.

In either case, with regard to Bearer Global Notes, such payments will be made outside the United States by transfer to the account of the bearer.

(iii) *Method of payment - General*

Subject as provided above and below:

i. payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency; and

ii. payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

(iv) *Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any U.S. Treasury Regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8)) any law implementing an intergovernmental approach thereto, and (c) if the Structured Rate Interest is determined by reference to shares in a U.S. company, any withholding or deduction by reason of Section 871(m) of the Code and the U.S. Treasury Regulations promulgated thereunder, or any published administrative guidance implementing such Section or regulations, imposing a U.S. withholding tax on certain "dividend equivalents" under certain "equity linked instruments".

(v) *Presentation of definitive Bearer Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 4(ii) above only against presentation and surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction).

Bearer Notes in definitive form bearing Fixed Rate Interest should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Bearer Note in definitive form bearing Fixed Rate Interest becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Bearer Note bearing Structured Rate Interest and/or Floating Rate Interest in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

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

(vi) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of

Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

i. the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

ii. payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

iii. such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(vii) *Payment Day*

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

(viii) *Interpretation of principal and interest*

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

i. any additional amounts which may be payable with respect to principal under Condition 7;

ii. the Final Redemption Amount of the Notes;

iii. the Early Redemption Amount of the Notes;

iv. the Mandatory Early Redemption Amount of the Notes;

v. the Optional Redemption Amount(s) (if any) of the Notes;

vi. in relation to Zero Coupon Notes, the Amortised Face Amount; and

vii. any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

5. REDEMPTION AND PURCHASE - GENERAL PROVISIONS

(i) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (other than any Note specified to be a Dual Currency Redemption Note in the applicable Final Terms) will be redeemed at least at par by the Issuer at its Final Redemption Amount specified in the relevant Specified Currency on the Maturity Date.

Unless previously redeemed or purchased and cancelled as specified below, each Note specified to be a Dual Currency Redemption Note in the applicable Final Terms will be redeemed by the Issuer at its Final Redemption Amount specified in the relevant Payment Currency on the Maturity Date. The relevant Reference Exchange Rate shall be determined in accordance with Condition 7 below.

(ii) *Redemption for tax reasons*

If Condition 8(i) is specified as applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part at any time (if this Note is not bearing Structured Rate Interest and/or Floating Rate Interests) or on any Interest Payment Date (if this Note is bearing Structured Rate Interest and/or Floating Rate Interest and/or is a Dual Currency Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

i. on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8(i) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision of, or any authority in, or of, the Republic of Italy having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

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

provided 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 Condition, the Issuer shall deliver to the Agent: (x) a certificate signed by two Directors of the Issuer stating that the relevant requirement referred to in Condition 8(ii)a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it; and (y) 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.

Notes redeemed pursuant to this Condition 8(ii) will be redeemed at their Early Redemption

Amount referred to in paragraph (v) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If Condition 8(ii) is specified as applicable in the applicable Final Terms, Condition 8(ii) shall not apply to the Notes.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, any early redemption is subject to compliance with the then applicable MREL Requirements (including, without limitation, having obtained the prior permission of the Relevant Authority, if required, as specified in paragraph (vii) below of this Condition).

(iii) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified as applicable in the applicable Final Terms, the Issuer may, having given:

i. not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and

ii. not less than 15 days before the giving of the notice referred to in i, notice to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (iii) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, any early redemption is subject to compliance with the then applicable MREL Requirements (including, without limitation, having obtained the prior permission of the Relevant Authority, if required, as specified in paragraph (vii) below of this Condition).

(iv) *Redemption or sale at the option of the Noteholders (Investor Put)*

If Investor Put is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer notice in accordance with Condition 15 and within the terms specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, (i) redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if

appropriate, with interest accrued to (but excluding) the Optional Redemption Date or (ii) buy such Note on the date and at the amount specified in the applicable Final Terms.

To exercise the right to require redemption or sale of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver at least 5 (five) Business Days before the exercise of the right to require redemption/sale of this Note (the **Put Notice Period**), at the specified office of the Registrar or, as the case may be, any Paying Agent at any time during normal business hours of such Registrar or Paying Agent falling within the Put Notice Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Registrar or the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption/sale of this Note the holder of this Note must, within the Put Notice Period, give notice to the Registrar or Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Registrar or Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption/sale an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, any early redemption is subject to compliance with the then applicable MREL Requirements (including, without limitation, having obtained the prior permission of the Relevant Authority, if required, as specified in paragraph (vii) below of this Condition).

(v) *Early Redemption Amounts*

For the purpose of Condition 8(ii) and Condition 9, each Note will be redeemed at its Early Redemption Amount as follows:

i. in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

ii. in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

iii. in the case of a Zero Coupon Note, at the Amortised Face Amount.

(vi) *Mandatory Early Redemption Amounts*

For the purposes of this Condition 5(vi):

Mandatory Early Payment Date means the Business Day on which the Issuer will pay the Mandatory Early Redemption Amount to the Noteholders;

Mandatory Early Redemption Amount is an amount that will be specified in the relevant Final Terms and will be paid to the Noteholders on the relevant Mandatory Early Payment Date if a Mandatory Early Redemption Event occurs;

Mandatory Early Redemption Event means, if applicable pursuant to the relevant Final Terms, the Calculation Agent determines that in the relevant Mandatory Early Redemption Valuation Period the Reference Value, Performance or Spread, as applicable, as determined pursuant to the terms set out in the relevant Final Terms is lower, equal to or higher than the relevant Mandatory Early Redemption Level, as specified in the relevant Final Terms.

Mandatory Early Redemption Level means, if applicable under the relevant Final Terms, the value or the percentage specified in relation to the Mandatory Early Redemption Valuation Period in the relevant Final Terms;

Mandatory Early Redemption Valuation Period means the period composed of one or more day(s), as specified in the relevant Final Terms, for which the Calculation Agent determines whether the Reference Value, Performance or Spread of the Underlying is lower than, equal to, or higher than the Mandatory Early Redemption Level and therefore whether a Mandatory Early Redemption Event has occurred. For the purposes of calculating the arithmetic mean of a Reference Value, two or more Mandatory Interim Observation Dates may be specified in relation to a Mandatory Early Redemption Valuation Period, in the relevant Final Terms.

If there is more than one Mandatory Early Redemption Valuation Period, the relevant Final Terms will specify the **First Mandatory Early Redemption Valuation Period**, the **Second Mandatory Early Redemption Valuation Period** and so forth.

The above provisions apply provided that, in the opinion of the Calculation Agent, a Market Disruption Event pursuant to Condition 6 below has not occurred in the relevant Mandatory Early Redemption Valuation Period. In such case, without prejudice to the provisions contained in Condition 6 below relating to the Reference Value continuously observed, the Mandatory Early Redemption Valuation Period will be postponed to the immediately following Business Day on which the Market Disruption Event is no longer taking place;

Mandatory Initial Observation Date means the date specified as such in the relevant Final Terms.

Mandatory Initial Reference Value means the Reference Value as determined by the Calculation Agent on the Mandatory Initial Observation Date.

Mandatory Interim Initial Observation Date means the date specified as such in the relevant Final Terms.

Mandatory Interim Initial Reference Value means the Reference Value as determined by the Calculation Agent on the Mandatory Interim Initial Observation Date.

Mandatory Interim Reference Value means the Reference Value as determined by the Calculation Agent on the Mandatory Interim Observation Date.

Mandatory Observation Date means the date specified as such in the relevant Final Terms.

Performance means

1) the performance of the relevant Underlying calculated as:

(A) The value of the relevant Underlying (the **Underlying$_{(i)}$**) determined in accordance with the following formula (the **Single Performance SV**):

$$\text{Single Performance}_{(i)}\text{ SV} = \frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$$

Where:

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means the Reference Value of the relevant Underlying on the relevant Mandatory Early Redemption Valuation Period;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means the Initial Reference Value of the relevant Underlying;

(B) the arithmetic mean of the value of the relevant Underlying (the **Underlying$_{(i)}$**) determined in accordance with one of the following formulas specified in the applicable Final Terms (the **Single Performance AM**):

$$\text{Single Performance}_{(i)}\text{ AM} = \frac{Underlying_{(i)}^{Final\ Average} - P \times Underlying_{(i)}^{Initial\ Average}}{Underlying_{(i)}^{Initial\ Average}}$$

or

$$\text{Single Performance}_{(i)}\text{ AM} = \frac{Underlying_{(i)}^{Final\ Average} - P \times Underlying_{(i)}^{Initial}}{Underlying_{(i)}^{Initial}}$$

or

$$\text{Single Performance}_{(i)}\text{ AM} = \frac{Underlying_{(i)}^{Final} - P \times Underlying_{(i)}^{Initial\ Average}}{Underlying_{(i)}^{Initial\ Average}}$$

Where

P means the multiplier specified in the applicable Final Terms as the Multiplier Factor;

$\boldsymbol{Underlying_{(i)}^{Final}}$ means the Reference Value of the relevant Underlying in the Mandatory Early Redemption Valuation Period;

$\boldsymbol{Underlying_{(i)}^{Initial}}$ means the Mandatory Initial Reference Value of the relevant Underlying;

$\boldsymbol{Underlying_{(i)}^{Final\ Average}}$ means the arithmetic mean of the Mandatory Interim Reference Values of the relevant Underlying;

$\boldsymbol{Underlying}_{(i)}^{\boldsymbol{Initial\ Average}}$ means the arithmetic mean of the Mandatory Interim Initial Reference Values of the relevant Underlying;

2) the performance of the relevant Basket (the **Basket Performance**) calculated as

(A) the performance of the Basket (the **Basket$_{(i)}$**) determined as the sum of the performance of each Basket Constituent multiplied by the relevant Basket Constituent Weight, in accordance with the following formula (the **Basket Performance SV**):

Basket Performance$_{(i)}$ SV = $\sum_{i=1}^{n} Single\ Performance_{(i)}SV \times W_{(i)}$

Where:

n means the number of the Basket Constituents;

$\boldsymbol{Single\ Performance_{(i)}SV}$ means the performance calculated as a value for each Basket Constituent in accordance with the formula specified above at paragraph 1(A);

$\boldsymbol{W_{(i)}}$ means the Basket Constituent Weight. The Basket Constituent Weight is a percentage specified in the applicable Final Terms;

(B) the arithmetic mean of the performance of the Basket (the **Basket$_{(i)}$**) determined as the sum of the performances calculated as the arithmetic mean of the performance of each Basket Constituent multiplied by the relevant Basket Constituent Weight, in accordance with the following formula (the **Basket Performance AM**):

Basket Performance$_{(i)}$ AM = $\sum_{i=1}^{n} Single\ Performance_{(i)}AM \times W_{(i)}$

Where:

n means the number of the Basket Constituents;

$\boldsymbol{Single\ Performance_{(i)}AM}$ means the performance calculated as the arithmetic mean of the performance of each Basket Constituent determined in accordance with one of the formulas specified above at paragraph 1(B);

$\boldsymbol{W_{(i)}}$ means the Basket Constituent Weight. The Basket Constituent Weight is a percentage specified in the applicable Final Terms.

Reference Value means the value of the Underlying as (i) *in the case of a Basket Constituent or single Underlying*, either (a) observed continuously in the regular trading hours during the relevant period, as displayed on the applicable Information Source and as specified in the applicable Final Terms, or (b) published by the Information Source specified in the Final Terms or, if the Information Source is not available, as determined in accordance with the Final Terms; or (ii) *in the case of a Basket*, determined in accordance with the foregoing definition of "Calculation of Basket";

Spread means the differential between the values or the performances of the two Underlyings specified in the relevant Final Terms. The Spread is calculated as a percentage, in accordance with one of the formulas below, as specified in the relevant Final Terms:

Spread = Reference Value of the Underlying 1 – Reference Value of the Underlying 2

or, if the two Underlyings are not percentage rates (i.e. they are not interest rates, inflation rates or

swap rates):

Spread = Performance of the Underlying 1 – Performance of the Underlying 2

***

The Notes, if so specified in the relevant Final Terms, may provide for the possibility of automatic early redemption. Upon the occurrence of a Mandatory Early Redemption Event, the Noteholders are entitled to receive the payment of the Mandatory Early Redemption Amount.

A Mandatory Early Redemption Event may occur if the Reference Value, Performance or Spread with reference to a Mandatory Early Redemption Valuation Period is lower than, equal to or higher than Mandatory Early Redemption Level (as indicated in the relevant Final Terms), in which case the Notes will be automatically redeemed and the Noteholder will receive on the Mandatory Early Payment Date the payment of the Mandatory Early Redemption Amount.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, any early redemption is subject to compliance with the then applicable MREL Requirements.

(vii) *Redemption of Notes that qualify as eligible liabilities under the MREL*

a) Regulatory conditions for call, redemption, repayment or repurchase

Any call, redemption, repurchase, repayment or modification of eligible Notes is subject, to the extent such Notes qualify at such time as liabilities that are eligible to meet the MREL Requirements (so called eligible liabilities), to compliance with the then applicable MREL Requirements, including the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with Article 78a of the CRR, where one of the following conditions is met:

(i) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the relevant Notes with Own Funds instruments or eligible liabilities instruments of equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and eligible liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and eligible liabilities laid down in the Relevant Regulations by a margin that the Relevant Resolution Authtority, in agreement with the Competent Authority, considers necessary; or

(iii) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the partial or full replacement of the relevant Notes with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Relevant Regulations for continuing authorisation,

subject in any event to any different conditions or requirements as may be applicable from time to time under the applicable laws and regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) such Notes, in the limit of a predetermined amount, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (a) or (b) of the preceding paragraph.

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

b) Exercise due to a MREL Disqualification Event

In relation to Notes qualified as f MREL eligible liablities at the time of their issuance, if the Issuer determines that a MREL Disqualification Event has occurred and is continuing, the Issuer in its discretion may, having given a notice to the Noteholders in accordance with Condition 15 (*Notices*), which will specify the scheduled date for redemption and payment of the relevant amount, redeem such Series of Notes, in whole but not in part, then outstanding at any time at their nominal amount together with any outstanding interest.

(viii) *Purchases*

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

In relation to Notes which qualify as eligible liabilities under the MREL Requirements, the Issuer may at any time purchase Notes in compliance with the then applicable MREL Requirements (including, without limitation, having obtained the prior permission of the Relevant Authority, if required, as specified in paragraph (vii) above of this Condition).

(ix) *Cancellation*

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

(x) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5 (i), (ii), (iii) or (iv) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in the definition of Amortised Face Amount as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

i. the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

ii. five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

6. MARKET DISRUPTIONS AND ADJUSTMENTS

(a) Market Disruption Events in relation to Underlyings

If during the tenor of the Notes, a disruption to the regular determination of the value of the Reference Value of an Underlying (a **Market Disruption Event**) occurs in relation to such Underlying, the Calculation Agent will act as specified in the applicable Final Terms.

If the value of the Reference Value of an Underlying cannot be determined on the scheduled date, the Calculation Agent or the entity responsible for the determination and publication of the value of the relevant Underlying will determine such value on the basis of:

1) the first determination immediately prior to or following the scheduled determination date, as specified in the applicable Final Terms; or

2) a determination method in accordance with the best market practice and with the applicable laws and regulations (in particular, the Benchmark Regulation) of the relevant Underlying.

Such determinations will be made in good faith and in a commercially reasonable manner.

However, if the Calculation Agent determines that the Reference Value continuously observed cannot be determined at any time on any relevant period by reason of the occurrence of an event giving rise to a Market Disruption Event, then the Reference Value continuously observed at such time on such period shall be disregarded for the purposes of determining the occurrence of the Knock-out Event, the Knock-in Event and/or the Mandatory Early Redemption Event, as the case may be.

(b) Adjustment Event in relation to Underlyings

If during the tenor of the Notes, an exceptional event that modifies the structure of an Underlying or threatens its existence or adversely affects the calculation of its value or any other similar event of an exceptional nature (an **Adjustment Event**) occurs, the Calculation Agent will act as specified in the applicable Final Terms.

Such events may include, without termination:

1) the occurrence of an extraordinary event (such as a merger, a share split, a consolidation, an increase of corporate capital) in relation to the issuer of the relevant Underlying;

2) the delisting of the Underlying from the relevant market;

3) the modification of the method of calculation of the Underlying;

4) the replacement or cancellation of the relevant Information Source.

On the occurrence of one of these events, the Calculation Agent or the entity responsible for the calculation and publication of the value of the relevant Underlying, will make appropriate adjustments to one or more of the calculation parameters and, if necessary, will replace the Underlying, acting in good faith and in a commercially reasonable manner and with the aim of preserving as far as possible the original features of the Notes and in accordance with the applicable laws and regulations (in particular, the Benchmark Regulation).

If an Adjustment Event has occurred and its negative effects cannot be corrected as described, the Issuer may: (i) apply the provisions of Market Disruption Events as detailed

under 6(a) above, or, as alternative, (ii) redeem the Notes early at their nominal amount together with any outstanding interest. The Noteholders will be notified by the Issuer by way of a notice on the Issuer's website.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, the early redemption of such Notes is subject to compliance with the then applicable MREL Requirements.

(c) Incorrect values published by the Information Source

If during the tenor of the Notes, the Information Source of the Underlying publishes incorrect values in relation to such Underlying and subsequently rectifies such incorrect values, the Calculation Agent will consider the values of the Underlying as amended by the Information Source, provided that these amendments are promptly disclosed in accordance with the methodologies specified in the applicable Final Terms.

7. DUAL CURRENCY NOTES

(i) *Payments in Payment Currency*

If the Notes are specified to be Dual Currency Interest Notes in the applicable Final Terms, all payments of interest in respect of such Dual Currency Interest Notes shall be made in the Payment Currency.

If the Notes are specified to be Dual Currency Redemption Notes in the applicable Final Terms, all amounts payable in respect of such Dual Currency Redemption Notes upon redemption of such Dual Currency Redemption Notes pursuant to Conditions 5(i), (ii), (iii), (iv) or (v) above or upon their becoming due and repayable as provided in Condition 8 shall be made in the Payment Currency.

The Calculation Agent will determine the amount to be paid in the Payment Currency by applying the Reference Exchange Rate to the amount that would have been payable in the Specified Currency were it not for this Condition 7(i).

Such payment shall be made on the date such payment would otherwise be payable, provided that, if the Rate Calculation Date is postponed in accordance with the provisions below, such payment shall be made the Number of Rate Calculation Business Days after the Rate Calculation Date (as so postponed). No additional interest shall be payable in respect of any such delay.

For the avoidance of doubt, Condition 4(vi) (*Payment Day*) shall apply to such payment.

(ii) *Definitions*

Cumulative Postponement Longstop Date means, in respect of any postponement by a number of days equal to the Maximum Days of Cumulative Postponement, the last day of such postponement.

EM Fallback Valuation Longstop Date means, in respect of any postponement by a number of days equal to the Maximum Days of EM Valuation Fallback Postponement, the last day of such postponement.

EM Valuation Longstop Date means, in respect of any postponement by a number of days equal to the Maximum Days of EM Valuation Postponement, the last day of such postponement.

FX Business Day means, in relation to the Reference Exchange Rate, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of a FX Market Disruption Event would have settled payments and been open for general business in each of the Specified Financial Centres for the Reference Exchange Rate specified in the applicable Final Terms.

FX Disrupted Day means any day on which a FX Market Disruption Event occurs.

FX Disruption Fallback means, in respect of the Reference Exchange Rate, Calculation Agent Determination, Currency Reference Dealers, EM Fallback Valuation Postponement, EM Valuation Postponement, Fallback Reference Price, Other Published Sources and Postponement. The applicable Disruption Fallback in respect of the Reference Exchange Rate shall be as specified in the applicable Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Exchange Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply.

FX Price Source(s) means the price source(s) specified in the applicable Final Terms for the Reference Exchange Rate or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page or publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

Maximum Days of Cumulative Postponement means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

Maximum Days of EM Fallback Valuation Postponement means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

Maximum Days of EM Valuation Postponement means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

Maximum Days of Postponement means the number of calendar days (or other type of days) specified as such in the applicable Final Terms.

Maximum Days of Unscheduled Holiday Postponement means the number of calendar days (or other type of days) specified as such in the applicable Final Terms.

Number of Rate Calculation Business Days means the number of Rate Calculation Business Days specified as such in the applicable Final Terms;

Rate Calculation Business Centre(s) means each business centre that is relevant for determining whether a day is a Rate Calculation Business Day, as specified in the applicable Final Terms, provided that if no business centre is specified in the applicable Final Terms, the Rate Calculation Business Centre(s) shall be the Specified Financial Centres for the relevant currencies.

Rate Calculation Business Day means, unless otherwise specified in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Rate Calculation Business Centre(s).

Rate Calculation Date means, in respect of any Interest Payment Date or the Maturity Date or

other date in which an Early Redemption Amount or Optional Redemption Amount or other amount is due, the day specified as such in the applicable Final Terms or, if no day is specified as such, the day falling the Number of Rate Calculation Business Days prior to such Interest Payment Date, Maturity Date or other date (as the case may be), provided that if any such day is an Unscheduled Holiday (if applicable) or an FX Disrupted Day, the Rate Calculation Date shall be determined in accordance with Condition 7(iv) (*FX Market Disruption Event Adjustment Provisions*) and Condition 7(v) (*EM Currency Provisions*) below;

Reference Dealers means, in respect of the relevant exchange market, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent (or any other number of dealers as specified in the applicable Final Terms).

Reference Exchange Rate means the spot rate of exchange of the Specified Currency into the Payment Currency (expressed as the number of units (or part units) of the Payment Currency for which one unit of the Specified Currency can be exchanged) appearing on the FX Price Source at the Valuation Time on the Rate Calculation Date.

Specified Financial Centres means the financial centre(s) specified in the applicable Final Terms.

Unscheduled Holiday means a day that is not an FX Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9.00 a.m., local time in the relevant Specified Financial Centre two FX Business Days prior to such day.

Valuation Time means time specified as such in the applicable Final Terms or, if no time is specified as such, the time selected by the Calculation Agent.

(iii) *FX Market Disruption Events*

FX Market Disruption Event means in relation to the Reference Exchange Rate:

(a) the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if Currency Disruption Event is specified as applicable in the applicable Final Terms, any Currency Disruption Event; and

(b) if the applicable Final Terms provides that the EM Currency Provisions shall apply, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any Price Materiality Event and/or, if Currency Disruption Event is specified as applicable in the Final Terms, any Currency Disruption Event.

For which purpose:

Currency Disruption Event means any of Inconvertibility, Non-Transferability and Dual Exchange Rate, each such term as defined below.

Dual Exchange Rate means the occurrence of an event that splits any currency exchange rate specified for the Reference Exchange Rate into dual or multiple currency exchange rates;

FX Price Source Disruption means (i) it becomes impossible or otherwise impracticable to obtain and/or execute the Reference Exchange Rate on the Rate Calculation Date or other relevant date

or, if different, the day on which rates for that Rate Calculation Date would in the ordinary course be published or announced by the relevant FX Price Source and/or (ii) there is a failure by the relevant FX Price Source to publish any relevant price or rate;

FX Trading Suspension or Limitation means the suspension of and/or limitation of trading in the rate(s) required to calculate the Reference Exchange Rate (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent;

Inconvertibility means the occurrence of any event that, from a legal or practical perspective, makes it or is likely to make it impossible and/or not reasonably practicable for the Issuer to convert one relevant currency into another through customary legal channels (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriations of one currency into another currency);

Non-Transferability means, as determined by the Calculation Agent in its sole and absolute discretion, the occurrence of any event in or affecting any relevant jurisdiction that makes it or is likely to make it impossible and/or not reasonably practicable for the issuer to deliver any relevant currency into a relevant account;

Price Materiality Event means, in respect of the Reference Exchange Rate and the Rate Calculation Date that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such day).

Price Materiality Percentage means the percentage specified as such in the applicable Final Terms.

(iv) *FX Market Disruption Event Adjustment Provisions*

(a) *Consequences of FX Disrupted Days*

Without prejudice to the provisions of Condition 7(ii) and 7(iii) above, if the Calculation Agent determines that any Rate Calculation Date is an FX Disrupted Day, the Issuer may, in its sole and absolute discretion, direct the Calculation Agent to determine the Reference Exchange Rate in respect of such Rate Calculation Date in accordance with the terms of the applicable FX Disruption Fallback(s). The applicable Final Terms may provide that one or more FX Disruption Fallbacks may apply, and if two or more FX Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such FX Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Exchange Rate cannot be determined by applying the first specified FX Disruption Fallback, then the next specified FX Disruption Fallback shall apply.

If "Unscheduled Holiday" is specified as being applicable in the applicable Final Terms, the references to "Rate Calculation Date" in the paragraph immediately above shall be deemed to mean the Rate Calculation Date as postponed in accordance with Condition 7(v)(a) (*Unscheduled Holiday*) below.

(b) *FX Disruption Fallbacks*

(A) Calculation Agent Determination

Calculation Agent Determination means, in respect of a Reference Exchange Rate that is affected by the occurrence of an FX Disrupted Day and any relevant day, that such Reference Exchange Rate for such relevant day (or a method for determining such Reference Exchange Rate) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant;

(B) Currency Reference Dealers

Currency Reference Dealers means, in respect of a Reference Exchange Rate that is affected by the occurrence of an FX Disrupted Day and any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate at which it will buy one unit of the Specified Currency in units of the Payment Currency at the applicable Valuation Time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable Valuation Time on such relevant day.

(C) Fallback Reference Price

Fallback Reference Price means, in respect of a Reference Exchange Rate that is affected by an FX Disrupted Day, that the Calculation Agent will determine the Reference Exchange Rate in respect of such FX Disrupted Day pursuant to the alternate FX Price Source(s) specified as Fallback Reference Price(s) in the applicable Final Terms, applied in the order specified in the applicable Final Terms until a rate has been determined or all Fallback Reference Price(s) have been used.

(D) Other Published Sources

Other Published Sources means, in respect of a Reference Exchange Rate that is affected by an FX Disrupted Day, that the Calculation Agent will determine such Reference Exchange Rate on such FX Disrupted Day on the basis of the exchange rate for one unit of the Specified Currency in terms of the Payment Currency published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

(E) Postponement

Postponement means, in respect of a Rate Calculation Date, if such day (or, if applicable, if the original date on which such Rate Calculation Date is scheduled to fall is postponed on account of such original day not being a FX Business Day, such postponed day) is an FX Disrupted Day, then such Rate Calculation Date shall be the first succeeding FX Business Day that is not an FX Disrupted

Day, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Rate Calculation Date is an FX Disrupted Day. In that case (i) the last consecutive FX Business Day shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable FX Disruption Fallback shall apply.

(v) *EM Currency Provisions*

(a) *Unscheduled Holiday*

If "Unscheduled Holiday" is specified to be applicable in the applicable Final Terms in respect of the Reference Exchange Rate, if the Calculation Agent determines that a Rate Calculation Date is an Unscheduled Holiday in respect of the Reference Exchange Rate, then the Rate Calculation Date in respect of such Reference Exchange Rate shall be the first succeeding FX Business Day which is not an Unscheduled Holiday, unless the Calculation Agent determines that such first FX Business Day has not occurred on or before the date falling the Maximum Days of Unscheduled Holiday Postponement immediately following such Rate Calculation Date. In that case, the next day after that period that would be an FX Business Day but for an Unscheduled Holiday shall be deemed to be the Rate Calculation Date (such date, the **Adjusted Rate Calculation Date**).

(b) *Additional FX Disruption Fallbacks*

In addition to the FX Disruption Fallbacks set out in Condition 7(iv)(b) (*FX Market Disruption Event Adjustment Provisions – FX Disruption Fallbacks)* above, the applicable Final Terms may also specify any of the following additional FX Disruption Fallbacks to apply in respect of a Reference Exchange Rate:

(A) EM Valuation Postponement

EM Valuation Postponement means, in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable FX Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), that if the Calculation Agent determines that any Rate Calculation Date is an FX Disrupted Day in respect of such Reference Exchange Rate, then the Rate Calculation Date shall be the first FX Business Day which is not an FX Disrupted Day, unless the Calculation Agent determines that no such FX Business Day has occurred on or before the Maximum Days of EM Valuation Postponement immediately following such Rate Calculation Date. In that case, the next FX Business Day after the EM Valuation Longstop Date shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and the next FX Disruption Fallback specified in the applicable Final Terms in respect of such Reference Exchange Rate shall apply.

(B) EM Fallback Valuation Postponement

EM Fallback Valuation Postponement means, in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable FX Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), that if the Calculation Agent determines that the Reference Exchange Rate (as determined by reference to the applicable Fallback Reference Price) is not available on (a) the first FX

Business Day following the end of the Maximum Days of EM Valuation Postponement (where an FX Market Disruption Event has occurred or exists in respect of the Reference Exchange Rate throughout the Maximum Days of EM Valuation Postponement) or (b) the Adjusted Rate Calculation Date (as defined in Condition 7(v)(a) above), then the Rate Calculation Date shall be the first succeeding FX Business Day which is not an FX Disrupted Day, unless the Calculation Agent determines that no such FX Business Day has occurred on or before the Maximum Days of EM Fallback Valuation Postponement immediately following such first FX Business Day following the end of the Maximum Days of EM Valuation Postponement or the Adjusted Rate Calculation Date, as the case may be. In that case, the next FX Business Day after the EM Fallback Valuation Longstop Date shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and the next FX Disruption Fallback specified in the applicable Final Terms in respect of such Reference Exchange Rate shall apply.

(c) *Cumulative Events*

If **Cumulative Events** is specified to be applicable in the applicable Final Terms in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable FX Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), then the total number of consecutive calendar days during which such Rate Calculation Date is deferred due to (i) an Unscheduled Holiday, (ii) an EM Valuation Postponement or (iii) an EM Fallback Valuation Postponement (or any combination of (i), (ii) and (iii)), shall not exceed the Maximum Days of Cumulative Postponement in the aggregate.

Accordingly, if by the operation of the paragraph immediately above, a Rate Calculation Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement, then such Rate Calculation Date shall be the Cumulative Longstop Date. If such Cumulative Postponement Longstop Date is an FX Disrupted Day or an Unscheduled Holiday, then the Calculation Agent shall determine the Reference Exchange Rate in respect of such Cumulative Postponement Longstop Date in accordance with the next applicable FX Disruption Fallback.

(vi) *Correction To Published And Displayed Rates*

In any case where the Reference Exchange Rate is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Reference Exchange Rate will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

(vii) *Successor Currency*

Where the applicable Final Terms specifies that "Successor Currency" is applicable in respect of the Reference Exchange Rate, then:

(a) each Specified Currency and Payment Currency will be deemed to include any lawful successor currency to the Specified Currency or Payment Currency (the **Successor Currency**);

(b) if the Calculation Agent determines that on or after the Issue Date but on or before

any relevant date on which an amount may be payable in respect of Dual Currency Notes, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the **Original Currency**) for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);

(c) notwithstanding paragraph (b) above but subject to paragraph (d) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in its sole and absolute discretion, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities to account for such elimination, conversion, redenomination or exchange of the Specified Currency or Payment Currency, as the case may be; and

(d) notwithstanding the foregoing provisions, with respect to any Specified Currency or Payment Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

8. TAXATION

(i) *Gross-Up*

If Condition 8(i) is specified as applicable in the applicable Final Terms, principal and interest shall be payable to the holders of the Notes or Coupons by the Issuer without withholding or deduction for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in the Republic of Italy or by or on behalf of any political subdivision or any authority therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the holders of the Notes or Coupons after such deduction or withholding shall equal the respective amounts of principal, in case of Notes not qualifying at such time as liabilities that are eligible to meet the MREL Requirements only, and interest in case of any Notes, which would have been receivable had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

i. for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of April 1, 1996 or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 (as any of the same amended or supplemented from time to time) or any related implementing regulations; and

ii. in all circumstances in which the procedures set forth in Legislative Decree No. 239 of April 1, 1996 in order to benefit from a tax exemption 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

iii. for any deduction or withholding under Sections 1471 through 1474 of the Code, or any successor provisions or any current or future U.S. Treasury Regulation promulgated thereunder, official interpretations thereof, published administrative guidance implementing such Sections or regulations whenever promulgated or published, or any fiscal or regulatory legislation, rules, or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation thereof such Sections of the Code are referred to herein collectively as "**FATCA**". Notwithstanding anything to the contrary in this Condition 7, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA; or

iv. presented for payment by, or on behalf of, a holder who is liable for such withholding or deduction in respect of such Note or Coupon by reason of his having some connection with the Republic of Italy other than the mere holding of such Note; or

v. presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or

vi. presented for payment more than 30 days after the Relevant Date (as defined in the General Definitions) except to the extent that the holder of such Notes or Coupons would have been entitled to such additional amounts on presenting such Notes or Coupons for payment on such thirtieth day (assuming such day to have been a Payment Day as defined in the General Definitions); or

vii. presented for payment in Italy; or

viii. presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

ix. in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with Italy; or

x. in respect of any Note where such withholding or deduction is required pursuant to Presidential Decree No. 600 of 29 September 1973; or

xi. in respect of Notes classified as atypical securities where such withholding or deduction is required under law decree No. 512 of 30 September 1983, as amended and supplemented from time to time; or

xii. if the Structured Rate Interest is determined by reference to shares in a U.S. company, for any deduction or withholding by reason of Section 871(m) of the Code and the U.S. Treasury Regulations promulgated thereunder, or any published administrative guidance

implementing such Section or regulations, imposing a U.S. withholding tax on certain "dividend equivalents" under certain "equity linked instruments".

(ii) *No Gross-Up*

If Condition 8(ii) is specified as applicable in the applicable Final Terms, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

9. EVENTS OF DEFAULT

Any Noteholder may give notice to the Issuer in accordance with Condition 15 that any Note held by such Noteholder is, and shall accordingly immediately become, due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of repayment if any of the following events (an **Event of Default**) occurs and is subsisting:

i. *Non-payment*: the Issuer fails to pay principal or interest in respect of the Notes or any of them within 30 days of the relevant due date; or

ii. *Breach of other obligations*: the Issuer fails to perform any other obligation arising under the Notes and such failure continues for more than 60 days after the Issuer has received notice thereof from Noteholders of a least one-quarter in principal amount of the Notes of the relevant Series demanding redemption; or

iii. *Suspension of payments*: the Issuer suspends its payments generally; or

iv. *Bankruptcy etc.*: a court in the jurisdiction of incorporation of the Issuer institutes bankruptcy or composition proceedings to avert bankruptcy or similar proceedings against the assets of the Issuer, or the Issuer applies for the institution of such proceedings concerning its assets.

In relation to Notes that qualify as eligible liabilities under the MREL Requirements, the Noteholders are not entitled to accelerate the payments of Notes under this Condition, other than in the case of the occurance of the Event of Default described in letter d above (insolvency or liquidation of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Event of Default for the Notes that qualify as eligible liabilities under the MREL Requirements for any purpose).

10. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in the General Definitions) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(iv) or any Talon which would be void pursuant to Condition 4(iv).

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

12. SUBSTITUTION OF THE ISSUER

(i) *Substitution of Issuer*

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company (the **Substitute**) as principal debtor in respect of all obligations arising from or in connection with the Notes provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Notes and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Notes shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Notes are listed shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on such stock exchange; (v) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 15; and (vi) in relation to Notes which qualify as eligible liabilities under the MREL Requirements, if required by the Relevant Regulations, the Issuer has obtained the prior permission of the Relevant Authority.

(ii) *Modification of Terms and Conditions as a result of Substitution of Issuer*

After any substitution or change of branch pursuant to Condition 12(i), the Terms and Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the Terms and Conditions where applicable, by references to the country of incorporation, domicile and/or residence for tax purposes of the Substitute or the new branch, as the case may be. Such modifications shall be notified to Noteholders in accordance with Condition 15.

13. AGENTS AND REGISTRAR

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

i. there will at all times be a Principal Paying Agent and a Registrar;

ii. there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

iii. so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent, which may be the Principal Paying Agent (in the case of Bearer Notes) and a Transfer Agent (which may be the Registrar (in the case of Registered Notes)) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

iv. there will at all times be a Paying Agent in a jurisdiction within Europe other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 4(iv). Notice of any variation, termination, appointment or change will be given to the Noteholders promptly in accordance with Condition 15.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

(i) All notices to the holders of Registered Notes will be valid if mailed to their registered addresses.

(ii) All notices regarding the Notes, both Bearer and Registered will be deemed to be validly given (i) if published in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are admitted to trading on Luxembourg Stock Exchange Regulated Market, and listed on the Official List of Luxembourg Stock Exchange, the notice is published in accordance with the rules and regulations of the Luxembourg Stock Exchange (which shall include publication on the website of the Luxembourg Stock Exchange (www.bourse.lu); (iii) if and so long as the Notes are admitted to trading on stock exchanges other than the Luxembourg Stock Exchange, the notices are duly published in a manner which complies with the rules of any such other stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given if published in a leading English language daily newspaper of general circulation in London, on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders

of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

(iii) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

(i) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or upon the request in writing of Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be two or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

(a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

(ii) This Condition 16(ii) applies to Notes qualified as eligible liabilities under the MREL Requirements at the time of the issuance. If at any time a MREL Disqualification Event occurs

and/or in order to ensure the effectiveness and enforceability of Condition 21 (*Acknowledgment of the Italian Bail-in Power*), 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 such Notes of that Series) and having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Paying Agent and the Noteholders of the Notes of that Series, which notice shall be irrevocable, at any time either substitute all (but not some only) of such Notes, or vary the terms of such Notes so that they remain or, as appropriate, become Qualifying Notes (as defined above), *provided that* such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

For the avoidance of doubt, no consent of the Noteholders shall be required for a substitution or variation (as applicable) of such Notes in accordance with this Condition 16(ii).

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount, issue date, issue price and/or date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. COVENANT TO DISCLOSE INFORMATION

Each Noteholder (being in the case of Notes held by a nominee or held in a clearing system, the beneficial owner of the Notes), by subscribing or purchasing the Notes or an interest in the Notes:

(a) agrees to provide to the Issuer (or agents acting on its behalf) all information and documentation available to it that is reasonably requested by the Issuer (or agents acting on its behalf) in connection with legal, tax or regulatory matters, including any information that is necessary or advisable in order for the Issuer to comply with legal, tax and regulatory requirements applicable to the Issuer from time to time;

(b) agrees to provide to the Issuer (or agents acting on its behalf) all information and documentation available to it that is reasonably requested by the Issuer (or agents acting on its behalf) to verify the Noteholder's identity and the source of the payment used by such Noteholder or its subsequent transferee when purchasing Notes; and

(c) agrees that the Issuer (or agents acting on its behalf) may, subject to any applicable banking secrecy laws and relevant confidentiality provisions (1) provide such information and documentation and any other information concerning its investment in the Notes to any relevant governmental, banking, taxation or other regulatory authority and (2) take such other steps as they deem necessary or helpful (in all cases, in the sole discretion of the Issuer or its respective agents) to comply with any applicable law or regulation.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) *Governing law*

The Notes and the Coupons (and any non-contractual obligations arising out of or in connection with the Notes and the Coupons) are governed by, and shall be construed in accordance with, English law.

Notwithstanding this, in respect of the loss absorption provisions described in Condition 21 (*Acknowledgement of Italian Bail-in Power*) and any non-contractual obligations arising out of or in connection with such provisions will be governed by, and will be construed in accordance with, Italian law.

(b) *Submission to jurisdiction*

i. Subject to Condition 20(b)(iii) below, the courts of England have jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the non-exclusive jurisdiction of the English courts.

ii. For the purposes of this Condition 20(b), the Issuer hereby waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

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

The Issuer hereby appoints Intesa Sanpaolo S.p.A., London Branch which is presently at 90 Queen Street, London EC4N 1SA or its address for the time beingat its office for the time being , as its agent for service of process, and undertakes that, in the event of Intesa Sanpaolo S.p.A., London Branch ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(c) *Other documents*

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts in terms substantially similar to those set out above.

21. ACKNOWLEDGEMENT OF THE ITALIAN BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any Noteholder, and without prejudice to Article 55(1) of the BRRD, by its acquisition of the Notes each Noteholder (which, for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

a) the effects of the exercise of the Italian Bail-in Power by the Italian Resolution Authority, which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes together

with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (iv) the amendment or alteration of the maturity of the Notes or amendment of the interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

b) the variation of these Conditions, as deemed necessary by the Italian Resolution Authority, to give effect to the exercise of the Italian Bail-in Power by the Italian Resolution Authority.

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

Upon the Issuer being informed or notified by the Relevant Authority of the actual date from which the exercise of the Italian Bail-in Power is effective with respect to the Notes, the Issuer shall notify the holders of the Notes without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Italian Bail-in Power nor the effects on the Notes described in this Condition 21.

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

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from the issue of certain Notes may be used to hedge market risk with respect to such Notes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

In particular, if so specified in the use of proceeds section of the applicable Final Terms, the Issuer intends to apply an amount equal to the net proceeds from an issue of Notes specifically for green and social projects. Such Notes refers to Green Bonds, Social Bonds, Sustainability Bonds and Climate Bonds.

DESCRIPTION OF THE ISSUER

History and Organisation of the Group

Intesa Sanpaolo S.p.A. Origins

Intesa Sanpaolo S.p.A. is the result of the merger by incorporation of Sanpaolo IMI S.p.A. with Banca Intesa S.p.A. (effective 1 January 2007).

Banca Intesa S.p.A.

Banca Intesa S.p.A. was originally established in 1925 under the name of La Centrale and invested in the business of the production and distribution of electricity. After the nationalisation of companies in this sector in the early 1960s, the company changed its name to La Centrale Finanziaria Generale, acquiring equity investments in various companies in the banking, insurance and publishing sector. The company merged by incorporation with Nuovo Banco Ambrosiano in 1985 and assumed its name and constitutional objects. Following the acquisition of Cassa di Risparmio delle Province Lombarde S.p.A. ("**Cariplo**") in January 1998, the Intesa Sanpaolo Group's name was changed to Gruppo Banca Intesa. Then, in 2001, Banca Commerciale Italiana S.p.A. was merged into the Gruppo Banca Intesa and the Intesa Sanpaolo Group's name was changed to "Banca Intesa Banca Commerciale Italiana S.p.A.". On 1 January 2003 the corporate name was changed to "Banca Intesa S.p.A.".

Sanpaolo IMI S.p.A.

Sanpaolo IMI S.p.A. ("**Sanpaolo IMI**") was formed in 1998 through the merger of Istituto Mobiliare Italiano S.p.A. ("**IMI**") and Istituto Bancario San Paolo di Torino S.p.A. ("**Sanpaolo**").

Sanpaolo originated from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia di San Paolo" began undertaking credit activities and progressively developed into a banking institution during the nineteenth century, becoming a public law credit institution (Istituto di Credito di Diritto Pubblico) in 1932. Between 1960 and 1990, Sanpaolo expanded its network nationwide through a number of acquisitions of local banks and medium-sized regional banks, ultimately reaching the level of a multifunctional group of national importance in 1991 after its acquisition of Crediop. On 31 December 1991, Sanpaolo became a stock corporation (*società per azioni*) with the name Istituto Bancario San Paolo di Torino Società per Azioni.

IMI was established as a public law entity in 1931 and during the 1980s it developed its specialist credit and investment banking services and, with Banca Fideuram, its professional asset management and financial consultancy services. IMI became a joint stock corporation (*società per azioni*) in 1991.

The merger between Banca Intesa and Sanpaolo IMI and the creation of Intesa Sanpaolo S.p.A.

The boards of directors of Banca Intesa and Sanpaolo IMI unanimously approved the merger of Sanpaolo IMI with Banca Intesa on 12 October 2006 and the merger became effective on 1 January 2007. The surviving entity changed its name to Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group.

Legal Status

Intesa Sanpaolo S.p.A. is a company limited by shares, incorporated in 1925 under the laws of Italy and registered with the Companies' Registry of Turin under registration number 00799960158. It is also registered on the National Register of Banks under no. 5361 and is the parent company of "Gruppo Intesa Sanpaolo". Intesa Sanpaolo S.p.A. operates subject to the Banking Law.

Registered Office

The Issuer's registered office is at Piazza San Carlo 156, 10121 Turin (Italy) and its telephone number is +39 0115551. Intesa Sanpaolo's secondary office is at Via Monte di Pietà 8, 20121 Milan (Italy).

Website

The Issuer's website is https://www.intesasanpaolo.com/. The information on the website does not form part of this Base Prospectus unless information contained therein is incorporated by reference into this Base Prospectus and has not been scrutinised or approved by the CSSF.

Objects

The objects of the Issuer are deposit-taking and the carrying-on of all forms of lending activities, including through its subsidiaries. The Issuer may also, in compliance with laws and regulations applicable from time to time and subject to obtaining the required authorisations, provide all banking and financial services, including the establishment and management of open-ended and closed-ended supplementary pension schemes, as well as the performance of any other transactions that are incidental to, or connected with, the achievement of its objects.

Ratings

The credit ratings assigned to the Issuer are the following:

- BBB (high) [(1)] by DBRS Rating GmbH ("**DBRS Morningstar**");
- BBB- [(2)] by Fitch Ratings Ireland Limited ("**Fitch Ratings**");
- Baa1 [(3)] by Moody's Investors Service España, S.A. ("**Moody's**"); and
- BBB [(4)] by S&P Global Ratings Europe Limited ("**S&P Global Ratings**").

Each of DBRS Morningstar, Fitch Ratings, Moody's and S&P Global Ratings is established in the EEA or in the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and appears on the latest update of the list of registered credit rating agencies on the ESMA website https://www.esma.europa.eu/supervision/credit-rating-agencies/risk.

[(1)] BBB (high): Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events. **(Source: DBRS Morningstar)**
[(2)] BBB: Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. Within rating categories, Fitch may use modifiers. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. **(Source: Fitch Ratings)**
[(3)] Baa1: issuers rated Baa are subject to moderate credit risk. Their bonds are considered medium-grade and as such may possess speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. **(Source: Moody's)**
[(4)] BBB: adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments. **(Source: S&P Global Ratings)**

Share Capital

As at 11 May 2021, the Issuer's issued and paid-up share capital amounted to €10,084,445,147.92, divided into 19,430,463,305 ordinary shares without nominal value. Since 11 May 2021, there has been no change to the Issuer's share capital.

The Issuer is not aware of any arrangements currently in place, the operation of which may at a subsequent date result in a change of control of the Issuer.

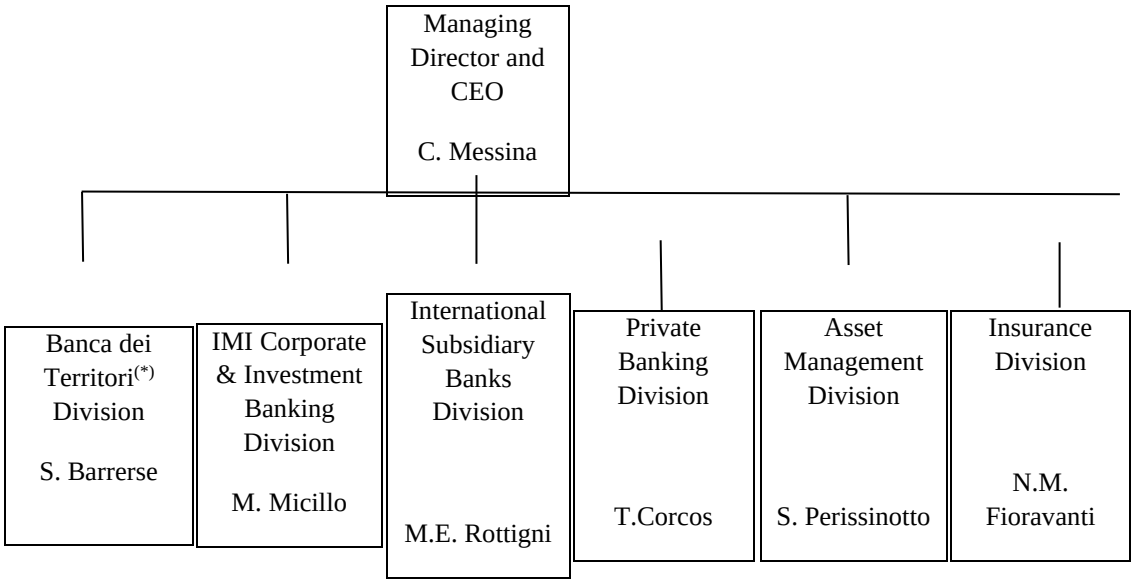
Information on the material changes in the issuer's borrowing and funding structure since the last financial year

Since 31 December 2020, the closing date of the last financial year, there have been no substantial changes in the Issuer's financing and borrowing structure.

Description of the expected financing of the issuer's activities

Group liquidity remains high: as at 31 December 2020, both the regulatory indicators LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio), also adopted as internal liquidity risk measurement metrics, were well above fully phased-in requirements established by Regulation 575/2013 and Directive 2013/36/EU. At the end of December, the Central Banks eligible liquidity reserves came to 289 billion Euro (190 billion Euro at the end of December 2019), of which 195 billion Euro, net of haircut, was unencumbered (118 billion Euro at the end of December 2019) and unused. The loan to deposit ratio at the end of December 2020, calculated as the ratio of loans to customers to direct deposits from banking business, came to 88%, excluding UBI Banca (93% at the end of 2019). In terms of funding, the extensive branch network remains a stable, reliable source: 83% of direct deposits from banking business come from retail operations (381 billion Euro, excluding UBI Banca). The Group's participation in the ECB's TLTRO III financing transactions at the end of December 2020 amounted to approximately 83 billion (approximately 49 billion at the end of 2019).

Organisational Structure of the Divisions [(1)] as at 31 December 2020



Intesa Sanpaolo; Banca 5	Banca Intesa (**); Intesa Sanpaolo Bank Ireland; Intesa Sanpaolo Bank Luxembourg; Intesa Sanpaolo Brasil	Banca Intesa Beograd; Bank of Alexandria; CIB Bank; Eximbank; Intesa Sanpaolo Bank (***); Intesa Sanpaolo Bank Albania; Intesa Sanpaolo Bank Romania; Intesa Sanpaolo Banka Bosna i Hercegovina; Pravex Bank; Privredna Banka Zagreb; VUB Banka	Fideuram; Intesa Sanpaolo Private Banking; Intesa Sanpaolo Private Bank (Suisse) Morval; SIREF Fiduciaria	Eurizon	Fideuram Vita; Intesa Sanpaolo Assicura; Intesa Sanpaolo Life; Intesa Sanpaolo RBM Salute Intesa Sanpaolo Vita;

(*) *Domestic commercial banking*
(**) *Russian Federation*
(***) *Slovenia*

(1) UBI Banca (CEO Gaetano Micciché) has been temporarily considered as a separate business area

In Italy, the Intesa Sanpaolo Group is one of the top banking groups in Europe and is committed to supporting the economy in the countries in which it operates, specifically in Italy where it is also committed to becoming a reference model in terms of sustainability and social and cultural responsibility.

The Intesa Sanpaolo Group has 14.7 million customers and approximately 5,300 branches.

The Group has a strategic international presence, with approximately 1,000 branches and 7.1 million customers. It is among the top players in several countries in Central Eastern Europe and in the Middle East and North Africa, through its local subsidiary banks: the Intesa Sanpaolo Group ranks first in Serbia, second in Croatia and Slovakia, fourth in Albania, fifth in Bosnia and Herzegovina and Egypt, and sixth in Moldova, Slovenia and Hungary.

As at 31 December 2020, the Intesa Sanpaolo Group had total assets of €1,002,614 million, customer loans of €461,572 million, direct deposits from banking business of €524,999 million and direct deposits from insurance business and technical reserves of €175,279 million.

The Intesa Sanpaolo Group operates through six divisions:

(a) The **Banca dei Territori division**: focuses on the market and centrality of the territory for stronger relations with individuals, small and medium-sized enterprises and non-profit entities. The division includes the activities in industrial credit, leasing and factoring, as well as instant banking through the partnership between the subsidiary Banca 5 and SisalPay (Mooney).

(b) The **IMI Corporate & Investment Banking division**: a global partner which, taking a medium-long term view, supports corporates, financial institutions and public administration, both nationally and internationally. Its main activities include capital markets and investment banking. The division is present in 25 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking.

(c) The **International Subsidiary Banks division**: includes the following commercial banking subsidiaries: Intesa Sanpaolo Bank Albania in Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, Eximbank in Moldova, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania in Romania, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Intesa Sanpaolo Bank in Slovenia and Pravex Bank in Ukraine.

(d) The **Private Banking division**: serves the customer segment consisting of private clients and high net worth individuals with the offering of products and services tailored for this segment. The division includes Fideuram - Intesa Sanpaolo Private Banking with 5,741 private bankers.

(e) The **Asset Management division**: asset management solutions targeted at the Intesa Sanpaolo Group's customers, commercial networks outside the Intesa Sanpaolo Group, and the institutional clientele. The division includes Eurizon with €273 billion of assets under management.

(f) The **Insurance division**: insurance and pension products tailored for the Intesa Sanpaolo Group's clients. The division includes Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo RBM Salute, with direct deposits and technical reserves of €175 billion.

Intesa Sanpaolo S.p.A. in the last two years

Intesa Sanpaolo in 2019 – Highlights

During the first nine months of 2019, the corporate simplification process envisaged by the business plan continued according to the established schedule.

Specifically, the deed of merger by incorporation of Intesa Sanpaolo Group Services into Intesa Sanpaolo was signed on 11 January. The merger took effect with respect to third parties on 21 January 2019, while the operations conducted by the incorporated company were posted to the financial statements of the absorbing company, including for tax purposes, effective from 1 January 2019.

On 1 February 2019, the merger between Intesa Sanpaolo Private Banking (Suisse) S.A. and Banque Morval S.A. was completed. After obtaining the authorisations from the competent supervisory authorities, the new bank was renamed Intesa Sanpaolo Private Bank (Suisse) Morval S.A. It was created to contribute to the strategic initiative outlined in the 2018-2021 business plan of the Intesa Sanpaolo Private Banking Division. The new company, which the London branch also reports to, is continuing the process of international expansion already begun by Fideuram – Intesa Sanpaolo Private Banking. The main branches (Geneva and Lugano) and the international network of private bankers will enable the expansion of the geographical footprint to high-potential countries, particularly in the Middle East and South America.

On 5 February 2019, the deeds were also signed for the merger by incorporation of Cassa di Risparmio di Pistoia e della Lucchesia into Intesa Sanpaolo, with an increase in the absorbing company's share capital of €64,511.72 through the issue of 124,061 ordinary shares without nominal value, and for the merger by incorporation of Cassa di Risparmio in Bologna and Cassa di Risparmio di Firenze. The legal effects of the transactions started from 25 February 2019, while the accounting and tax effects started from 1 January 2019.

On 15 January 2019, Intesa Sanpaolo published a press release with the following wording:

"With reference to recent news in the press regarding communication from the ECB to the banks supervised about their gradual reaching in the next few years of a coverage ratio of NPL stock in line with that set for inflows in the Addendum to the ECB Guidance on NPLs as of 1 April 2018, Intesa Sanpaolo does not envisage any significant impact in respect of targets and forecasts concerning its income statement and balance sheet for the 2018 financial year and the 2018-2021 Business Plan, already disclosed to the market."

On 8 February 2019, Intesa Sanpaolo received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 March 2019, following the results of the Supervisory Review and Evaluation Process (SREP). The overall capital requirement Intesa Sanpaolo has to meet in terms of Common Equity Tier 1 ratio is 8.96% under the transitional arrangements for 2019 and 9.38% on a fully loaded basis.

The overall capital requirement ISP has to meet in terms of Common Equity Tier 1 ratio is 8.96% under the transitional arrangements for 2019 and 9.38% on a fully loaded basis.

In February 2019, Intesa Sanpaolo announced the invitation to the holders or beneficial owners of the following series of notes outstanding: (i) U.S.$1,000,000,000 5.25% Section 3(a)(2) Notes Due 2024, (ii) U.S.$1,250,000,000 3.875% Rule 144A Notes Due July 14, 2027, (iii) U.S.$1,000,000,000 3.875% Rule 144A Notes Due 2028, and (iv) U.S.$500,000,000 4.375% Rule 144A Notes Due 2048 or the global receipts representing beneficial interests in any Series of Notes issued through Citibank N.A. as the receipt issuer, to tender their notes for the cash purchase by the Issuer, as described in the Tender Offer Memorandum of 7 February 2019. The offers, not subject to any future issue on the capital markets, form part of the liability management transactions carried out by the Issuer. At the close of the transaction, the total nominal amount tendered and accepted was USD 2,100,761,000.

On 30 April 2019, the Ordinary Shareholders' Meeting of Intesa Sanpaolo – in addition to approving its financial statements, the allocation of the net income for the year and the distribution of the dividend to shareholders, the financial statements of the merged companies Intesa Sanpaolo Group Services and Cassa di Risparmio di Pistoia e della Lucchesia – appointed EY S.p.A. as the independent auditors for the financial years 2021-2029, determining their fee. The Shareholders' Meeting also appointed the members of the Board of Directors and the Management Control Committee for financial years 2019-2021 on the basis of slates of candidates submitted by the shareholders.

The Shareholders' Meeting then passed specific resolutions on the remuneration and own shares. Specifically, it:

- approved the remuneration policies in respect of the Board of Directors of Intesa Sanpaolo;
- determined the remuneration of the Board of Directors;
- approved the remuneration and incentive policies for 2019 and voted in favour of the procedures used to adopt and implement the remuneration and incentive policies, as described in the Report on Remuneration;
- approved the increase in the variable-to-fixed remuneration cap for personnel operating exclusively in the Investment Management units belonging to Intesa Sanpaolo Group Asset Management entities, both in Italy and abroad;
- authorised the purchase and disposal of own shares to service the 2018 annual incentive plan.

Lastly, the Shareholders' Meeting approved the proposal for the settlement of the liability action brought against Alberto Guareschi and Roberto Menchetti in their capacity as former Chairman and former General Manager of Banca Monte Parma, with proceeds of €4.35 million.

On 2 May 2019, the Board of Directors unanimously appointed Carlo Messina as Managing Director and CEO, granting him the powers necessary and appropriate to ensure consistent management of Intesa Sanpaolo.

The first sell-back of high-risk loans deriving from the Venetian banks in compulsory administrative liquidation was launched on 11 May 2019, following notification of Intesa Sanpaolo on 11 March 2019 from the Ministry of the Economy and Finance of the issue of the decree formalising the high-risk guarantee for a total of €4 billion. The high-risk positions reclassified as "bad loans" and/or "unlikely to pay loans" were sold back for €456 million, calculated per the contract on the basis of the gross carrying value of the reclassified high-risk loans, less (i) provisions at the date of execution and (ii) 50% of the impairment losses which under IAS/IFRS the Intesa Sanpaolo Banking Group would have recognised had the Banks in compulsory administrative liquidation not had the obligation to purchase. Since the Intesa Sanpaolo Banking Group had already reclassified the loans in question as discontinued operations at a carrying amount consistent with the above consideration, no differences between the net value of the loans sold and their sell-back price emerged. As at 30 June 2019, discontinued operations included the residual high-risk loans classified in the interim as "bad loans" and/or "unlikely-to-pay loans" and to be sold back by the end of 2019.

On 14 May 2019, the deed was signed for the merger by incorporation of Banca Apulia S.p.A. into Intesa Sanpaolo, with the issue of 247,398 Intesa Sanpaolo ordinary shares bearing regular dividend rights, without nominal value, and an increase in share capital from 9,085,534,363.36 to 9,085,663,010.32. The deed of merger by incorporation of Banca Prossima S.p.A. into Intesa Sanpaolo was then signed on 24 May 2019. The legal effects of these two operations started on 27 May 2019 and were posted to the financial statements of the absorbing company from 1 January 2019 also for tax purposes. Lastly, the merger plan for the merger by incorporation of Mediocredito Italiano into Intesa Sanpaolo was filed on 14 June 2019. Such merger has been effective as at 11 November 2019.

As at 30 June 2019, discontinued operations included the residual high-risk loans classified in the interim as "bad loans" and/or "unlikely-to-pay loans" and to be sold back by the end of 2019.

As a result of the acquisition of certain assets and liabilities and certain legal relationships of the former Venetian banks in compulsory administrative liquidation and the resulting provisions of the European Competition Authority to the Italian government, in the agreements dated 13 July and 12 October 2017, the Intesa Sanpaolo Banking Group resolved to reduce staff by 4,000 resources (of which at least 1,000 within the scope of the former Venetian banks) by 30 June 2019.

As around 6,850 applications had been received, a number much higher than the 3,000 expected (in addition to the 1,000 applications regarding the former Venetian banks), also with a view to the business plan under preparation, the subsequent integration agreement of 21 December 2017 confirmed the acceptance of the "public offer" of the protocol dated 12 October 2017 for all staff that applied, extending the validity of the agreement for voluntary access to the Solidarity Fund to 30 June 2020.

The postponement of the exits to 30 June 2020 and the reduction in the average time drawing on the Solidarity Fund made it possible to optimise the charges for voluntary exits to be borne by the Intesa Sanpaolo Banking Group.

At the start of 2019, as a result of the effects of the legislative changes regarding pensions, the trade unions requested the assessment of the possibility of re-opening the terms for access to the Solidarity Fund and the retirement schemes set out in those agreements also to staff that, as a result of said legislative measures, could now fall within the scope of addressees of the protocol dated 12 October 2017.

In that context, without prejudice to the overall amounts allocated to the Solidarity Fund and the exits for retirement pursuant to the agreements of 13 July, 12 October and 21 December 2017, and considering the full completion of the process of integrating the businesses of the former Venetian banks which, as a result

of the achievement of synergies improved the measurement of excess production capacity, the Group confirmed its willingness to permit the voluntary exits also of people who were previous excluded, as an alternative to the required professional reallocation envisaged in the business plan.

In order to allow for incentives for the retirement of up to 1,000 people and for up to 600 people to participate in the Solidarity Fund, the agreement extended to 30 June 2021 the option to access the Solidarity Fund.

In the second quarter, the Intesa Sanpaolo Banking Group carried out the voluntary realignment of some tax values. Specifically, Intesa Sanpaolo exercised the option set out in Law no. 145/2018 (Budget Act 2019) to realign tax values to their higher carrying amounts, with regard to owned real estate assets, for which values to realign were identified for €1,955.6 million. These mainly derive from the revaluations carried out starting with the 2017 financial statements, following the adoption of the criteria for revaluation of the value of owner-occupied properties (IAS 16) and of the fair value for investment property (IAS 40). These correspond to a substitute tax of €269.4 million. At consolidated level, the exercise of this option resulted in: i) the recognition of substitute tax of €269.4 million, of which €93.9 million posted to the income statement for the period and €175.5 million to shareholders' equity; ii) the derecognition of net deferred tax liabilities of €622.6 million, of which €217.1 million through profit or loss and €405.5 million through shareholders' equity, with a positive impact on the income statement of the period of € 123.2 million and an additional €230 million in shareholders' equity. The Board of Directors identified the share premium reserve in the financial statements to be classified as the suspended tax reserves, in an amount equal to the difference between the higher values realigned and the substitute tax due (€1,686.2 million), which will be subject to approval by the ordinary shareholders' meeting of Intesa Sanpaolo at the next possible meeting, presumably on approval of the 2019 Financial Statements.

On 31 July 2019, Intesa Sanpaolo and Prelios reached a binding agreement to form a strategic partnership in respect of loans classified as unlikely to pay (UTP). The agreement reached with a leading player in the UTP segment, which adds to the strategic partnership with Intrum in respect of bad loans finalised in 2018, will enable the Intesa Sanpaolo Group to focus - also thanks to the redeployment of skilled employees, in the region of a few hundred people - on the proactive credit management of early delinquency loan portfolio (specifically, the Pulse initiative) using the best external platforms for the management of subsequent stages, and to further accelerate the achievement of the NPL reduction target set out in the 2018-2021 Business Plan.

The agreement consists of the two transactions outlined below.

- A 10-year contract for the servicing of UTP Corporate and SME loans of the Intesa Sanpaolo Group to be provided by Prelios initially covering a portfolio worth around €6.7 billion of gross book value, with terms and conditions in line with market standards and a fee structure mostly composed of a variable component specifically aimed at maximising the return of positions to performing status;

- the disposal and securitisation of a portfolio of UTP Corporate and SME loans of the Intesa Sanpaolo Group worth around €3 billion of gross book value, at a price of around €2 billion which is in line with the carrying value. Taking this disposal into consideration with reference to the figures as at the end of June 2019, the NPL to total loan ratio would be down from 8.4% to 7.6% gross, from 4.1% to 3.6% net, and the NPL reduction achieved in the first 18 months of the 2018-2021 Business Plan would be as much as around 80% of the target set for the entire four-year period, at no extraordinary cost to shareholders. The capital structure of the securitisation vehicle will be the following, in order to obtain full accounting and regulatory derecognition of the portfolio at the closing date:

  – a Senior Tranche equivalent to 70% of the portfolio price, to be underwritten by Intesa Sanpaolo;

  – Junior and Mezzanine Tranches equivalent to the remaining 30% of the portfolio price, to be

underwritten to the tune of 5% by Intesa Sanpaolo and the remaining 95% by Prelios and third-party investors.

The finalisation of the transactions above is subject to authorisation being received from the competent authorities. The transactions are compliant with the Group's income statement and balance sheet targets and forecasts which have already been disclosed to the market for the 2019 financial year and the 2018-2021 Business Plan. They do not affect the strategic partnership in place with Intrum.

On 9 September 2019, Intesa Sanpaolo has received notification of the ECB's permission to calculate the Group's consolidated capital ratios applying the so-called Danish Compromise – under which insurance investments are risk weighted instead of being deducted from capital – as of the regulatory filings for 30 September 2019.

On 18 September 2019, Intesa Sanpaolo communicated that it concluded the ordinary share buy-back programme launched on 17 September 2019 and announced to the market in a press release dated 16 September 2019. The programme executes a plan that assigns, free of charge, ordinary shares of Intesa Sanpaolo to the Group's employees; this covers the share-based incentive plan for 2018 reserved for Risk Takers who accrue a bonus in excess of the so-called "materiality threshold", as well as for those who, among Managers or Professionals that are not Risk Takers, accrue "relevant bonuses". In addition, the programme has been implemented in order to grant, when certain conditions occur, severance payments to Risk Takers upon early termination of employment. The programme has been carried out in accordance with the terms approved at the Shareholders' Meeting of Intesa Sanpaolo on 30 April 2019. Moreover, the Bank's subsidiaries indicated in the aforementioned press release have concluded their purchase programmes of Intesa Sanpaolo's shares to be assigned, free of charge, to their employees. The programmes were approved by their respective corporate bodies within their remits and are analogous to the programme approved at Intesa Sanpaolo's Shareholders' Meeting.

In compliance with Article 113-ter of Legislative Decree 58 of 24 February 1998, Article 5 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and Article 2 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016, details concerning the purchases executed are provided below. Information is also given by Intesa Sanpaolo on behalf of the aforementioned subsidiaries.

On the two days of execution of the programme (17 and 18 September 2019), the Intesa Sanpaolo Group purchased a total of 17,137,954 Intesa Sanpaolo ordinary shares through Banca IMI (now Corporate and Investment Banking Division post merger into Intesa Sanpaolo S.p.A.) (which was responsible for the programme execution). These represent approximately 0.10% of the share capital of Intesa Sanpaolo. The average purchase price was €2.129 per share, for a total countervalue of €36,481,543. The Bank purchased 12,393,958 shares at an average purchase price of €2.129 per share, for a countervalue of €26,388,935.

Purchase transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits of number of shares and consideration as determined in the resolutions passed by the competent corporate bodies. Pursuant to Article 132 of TUF and Article 144-bis of the Issuers' Regulation and subsequent amendments, purchases were executed on the regulated market MTA managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.

Moreover, purchases have been arranged in compliance with the conditions and the restrictions under Article 5 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3, and 4 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

The total number of shares purchased and, therefore, the daily volume of purchases executed, did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2019, which was equal to 127.3 million shares.

On 26 November 2019, Intesa Sanpaolo has received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2020, following the results of the Supervisory Review and Evaluation Process (SREP).

The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 9.18% under the transitional arrangements for 2020 and 9.38% on a fully loaded basis.

This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.5% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.5% made up entirely of Common Equity Tier 1 ratio;
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:
  - a Capital Conservation Buffer of 2.5% on a fully loaded basis from 2019,
  - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.56% under the transitional arrangements for 2020 and 0.75% on a fully loaded basis in 2021,
  - a Countercyclical Capital Buffer of 0.1%.[6]

Intesa Sanpaolo's capital ratios as at 30 September 2019 on a consolidated basis - net of €2,648 million dividends accrued in the first nine months of 2019 - were as follows:

- 14% in terms of Common Equity Tier 1 ratio[7][8]
- 17.8% in terms of Total Capital ratio[8][9]

calculated by applying the transitional arrangements for 2019, and

- 14.2% in terms of pro-forma Common Equity Tier 1 ratio calculated on a fully loaded basis[8][9]
- 18.2% in terms of pro-forma Total Capital ratio calculated on a fully loaded basis[8][10].

On 3 December 2019, concerning the Prelios agreement, Intesa Sanpaolo published a press release with the following wording:

"Having received the required authorisations from the relevant authorities, Intesa Sanpaolo and Prelios have finalised the agreement concerning the strategic partnership in respect of loans classified as unlikely to pay (UTP), which was signed on 31 July 2019 and disclosed to the market on the same day. The agreement consists of a contract for servicing activities to be provided by Prelios aimed at maximising the return of

---

6 Calculated taking into account the exposures as at 30 September 2019 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating either to 2019-2020, where available, or to the latest update of the reference period (requirement was set at zero per cent in Italy for 2019).

7 After the deduction of accrued dividends, equal to 80% of net income for the first nine months of the year, and the coupons accrued on the Additional Tier 1 issues.

8 Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 13.1% for the Common Equity Tier 1 ratio and 17.1% for the Total Capital ratio.

9 Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2019, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285 million covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, the expected absorption of DTAs on losses carried forward and the expected distribution of the 9M 2019 net income of insurance companies that exceeds the amount of reserves already distributed in the first quarter.

positions to performing status and the disposal and securitisation of a portfolio, in respect of UTP Corporate and SME loans of the Intesa Sanpaolo Group."

On 19 December 2019, Intesa Sanpaolo and Nexi reached a strategic agreement which provides for:

- the transfer to Nexi of the Intesa Sanpaolo business line consisting of the acquiring activities currently carried out for over 380,000 points of sale, with Intesa Sanpaolo retaining the sale force dedicated to acquiring new customers; and

- a long-term partnership, with Nexi to become the sole partner of Intesa Sanpaolo in the acquiring activities and the latter to distribute the acquiring services provided by Nexi and maintain the relationship with its customers.

The strategic agreement was finalised on 30 June 2020 after having obtained the necessary authorisations from the competent authorities. Pursuant to the agreement, the business line was transferred through contribution to a Nexi subsidiary for €1,000 million. Intesa Sanpaolo sold the shares received from the contribution to Nexi for a corresponding cash consideration and then used part of this consideration to purchase shares of Nexi from the latter's reference shareholder, Mercury UK HoldCo Limited, for an amount of €653 million, equal to a 9.9% shareholding of Intesa Sanpaolo in the share capital of Nexi.

The transaction enables Intesa Sanpaolo to extract proper value from the acquiring activities currently carried out internally, through the contribution of its business line – taking into account that operating efficiently in this sector, in a competitive scenario of international scope, requires greater investment and economies of scale – while retaining an interest in a business with significant growth prospects.

In 2018, the business activities contributed to Nexi generated operating income of around €74 million, operating margin of around €72 million and net income of around €48 million.

The transaction generates a net capital gain in the region of €1.1 billion for the Intesa Sanpaolo Group's consolidated income statement in the second quarter of 2020. This figure has been calculated including the effect attributable to the difference between the purchase price of the 9.9% of the Nexi share capital and the corresponding value resulting from the stock exchange price of the Nexi shares. This capital gain might not be reflected in the net income entirely if, over the course of 2020, allocations are identified that are appropriate to strengthen sustainable profitability.

Intesa Sanpaolo in 2020 – Highlights

Integration of the UBI Group

The acceptance period for the voluntary public purchase and exchange offer (below "**Offer**" or "**Public Offer**") launched by Intesa Sanpaolo for a maximum of 1,144,285,146 ordinary shares of Unione di Banche Italiane S.p.A. ("**UBI Banca**"), representing all subscribed and paid-in share capital, ended on 30 July 2020. The private placement of UBI Banca shares reserved for "qualified institutional buyers" launched by Intesa Sanpaolo in the United States also ended on that date (the "**Private Placement**").

Detailed information about the Offer is provided in the offer document, the information document and all the documentation made available in accordance with the law, as well as the individual announcements made regarding the progress of the Offer and its outcome. However, the Offer was made by Intesa Sanpaolo on 17 February 2020, initially in the form of a public purchase offer, based on a unit consideration of 1.7000 newly issued Intesa Sanpaolo ordinary shares for each share of UBI Banca tendered in acceptance. The Intesa Sanpaolo shares offered as consideration would be issued by virtue of a capital increase with the exclusion of the pre-emption right pursuant to Article 2441, paragraph 4, of the Italian Civil Code, reserved to the persons tendering UBI Banca's shares to the offer. In this regard, the Shareholders' Meeting held on 27 April 2020 – with 8,935,308,480 votes in favour equivalent to 98.04467% of the ordinary shares represented – granted the Board of Directors powers to approve a share capital increase, by 31 December

2020, up to a maximum total amount of 1,011,548,072.60 euro, in addition to any share premium, with the issuance of a maximum number of 1,945,284,755 ordinary shares. The Shareholders' Meeting also decided to consequently amend Article 5 of the Articles of Association and grant the Chairman of the Board of Directors and the Chief Executive Officer of the Company, on a several basis and through possible appointment of special attorneys, powers to do whatever required, necessary or useful to execute the resolutions above. The Offer was subsequently amended on 17 July 2020 following the increase in the consideration per share, through the establishment of a cash consideration of 0.57 euro for each UBI Banca share tendered in acceptance. At the same time, the acceptance period was extended ex officio by CONSOB from the initial deadline of 28 July 2020 to 30 July 2020, pursuant to Article 40, paragraph 4, of the Issuers' Regulation, through Resolution No. 21460 of 27 July 2020.

Furthermore, to prevent possible antitrust concerns, on 17 February 2020 Intesa Sanpaolo and BPER Banca (below also "**BPER**") entered into a binding agreement, conditional on the success of the Public Offer ("**BPER Agreement**"), which provides for the purchase by BPER of a going concern consisting of a pool of branches of the entity resulting from the combination of Intesa Sanpaolo with UBI Banca. The original agreement provided for the sale of around 400/500 branches of the combined entity and the related assets and liabilities for a consideration equal to a multiple of 0.55 times the CET 1 of UBI Banca allocated to the branches identified as being subject of the sale. Subsequently, to take appropriate account of the economic situation generated by the outbreak of the COVID-19 pandemic, and following discussions held between Intesa Sanpaolo and BPER, the pricing mechanism described above was modified by establishing a consideration for the above-mentioned going concern equal to 0.38 times the value of the fully-loaded CET 1 at the reference date allocated to the risk-weighted assets of the branches to be sold. In order to remove the specific antitrust concerns raised by the Italian Antitrust Authority ("**AGCM**"), on 15 June 2020 Intesa Sanpaolo negotiated and signed an agreement supplementing the BPER Agreement under which the number of branches to be transferred was increased (from 400/500 to 532, of which 501 of UBI Banca and 31 of Intesa Sanpaolo) with the precise identification of the details and consequent redefinition of the estimated values. By decision adopted at the meeting of 14 July 2020 and notified to Intesa Sanpaolo on 16 July 2020, AGCM approved the transaction for the acquisition of control of UBI Banca subject to the execution of structural sales in accordance with the BPER Agreement and the commitments made by Intesa Sanpaolo.

Again with regard to the BPER Agreement, on 12 November 2020 a supplementary agreement to the binding agreement was signed, which completed the identification of the branches and of the people to be included in the going concern. The final scope of the going concern comprises 486 branches with accounting autonomy where customer accounts are legally registered (7 more than previously agreed) and 134 operational outlets (such as sub-branches) that provide services to branch customers and do not have accounting autonomy. A total of 5,107 people will be included in the going concern and will mainly be deployed in the network of branches and operational outlets and in the Private and Corporate business areas, in addition to those working in the "semi-central" governance areas in support of the regional and local units that coordinate the network of branches included in the going concern and "central" governance areas for the strengthening of central, control and IT functions.

The sale to BPER Banca of the former UBI Banca going concern – including a going concern owned by UBISS (a consortium company controlled by UBI Banca) essentially focused on services to the branches being acquired – took effect on 22 February 2021, while the sale of the branches owned by Intesa Sanpaolo will take effect from 21 June 2021.

In addition, with regard to the sales to be made to fulfil the commitments made to AGCM9, on 15 January 2021 Intesa Sanpaolo signed an agreement with Banca Popolare della Puglia e della Basilicata (below also "BPPB") for the sale to the latter of a going concern consisting of 17 branches with accounting autonomy and 9 operational outlets of UBI Banca, with a total of 148 employees, in Abruzzo, Molise, Basilicata and Calabria. The transaction is subject to legal authorisations, with completion expected by the end of the first half of 2021.

Based on the final results – announced to the market on 3 August 2020 – a total of 1,031,958,027 UBI Banca shares were tendered in acceptance of the Offer during the acceptance period (including those tendered in acceptance through the Private Placement), equal to approximately 90.184% of the share capital of UBI Banca. As a result of the settlement of the Offer (and the Private Placement) and on the basis of the results of the Offer (and of the Private Placement), the Offeror Intesa Sanpaolo came to hold a total of 1,041,458,904 UBI Banca shares, representing approximately 91.0139% of the share capital of UBI Banca, given that (i) the Offeror held, directly and indirectly (including through fiduciary companies or nominees) a total of 249,077 ordinary shares of the Issuer, equal to 0.0218% and (ii) UBI Banca held 9,251,800 own shares equal to 0.8085% of the share capital of the Issuer.

Lastly, acceptances "with reserves" were also received in respect of a total number of 334,454 UBI Banca shares from 103 acceptors. These acceptances have not been counted for determining the percent acceptance of the Offer. Based on the final results indicated above, the Percentage Threshold Condition (i.e. the condition that the Offeror comes to hold an overall interest at least equal to 66.67% of the Issuer's share capital) was fulfilled and all the other conditions precedent of the Offer were fulfilled or, as the case may be, waived by Intesa Sanpaolo. As a result, the Offer was effective and was able to be completed.

On 5 August 2020, in exchange for the transfer of the ownership of the UBI Banca shares, Intesa Sanpaolo issued and assigned the acceptors of the Offer a total of 1,754,328,645 new Intesa Sanpaolo shares, representing 9.107% of the share capital of Intesa Sanpaolo, based on the ratio of 1.7000 Intesa Sanpaolo shares to 1 UBI Banca share. In addition, on 19 August 2020, Intesa Sanpaolo paid the entitled parties the cash consideration (i.e. 0.57 euro for each UBI Banca share tendered in acceptance) which amounted to a total of 588,216,075.39 euro.

The interest held directly or indirectly by Intesa Sanpaolo in the share capital of UBI Banca at the end of the acceptance period was more than 90%, but less than 95%, which meant that the conditions were met for the compulsory squeeze-out pursuant to Article 108, paragraph 2, of the Consolidated Law on Finance, with Intesa Sanpaolo having already declared in the Offer Document that it would not implement measures to restore the minimum free float conditions for normal trading of the UBI Banca ordinary shares. Therefore, pursuant to Article 108, paragraph 2, of the Consolidated Law on Finance, Intesa Sanpaolo was required to purchase the remaining ordinary shares from the shareholders of UBI Banca who requested it, for a total amount of 112,327,119 UBI shares and representing 9.8163% of the share capital. The consideration per remaining share, identified in accordance with the provisions of Article 108, paragraphs 3 and 5, of the Consolidated Law on Finance, was determined as follows:

- a consideration equal to that offered to the acceptors of the Public Purchase and Exchange Offer, namely 1.7000 newly issued Intesa Sanpaolo ordinary shares and 0.57 euro for each UBI Banca share tendered in acceptance; or, alternatively,

- only to the shareholders so requesting, a cash consideration in full whose amount for each UBI Banca share, calculated in accordance with Article 50-ter, paragraph 1, letter a) of the Issuers' Regulations, was equal to the sum of (x) the weighted average of the official prices of the Intesa Sanpaolo shares recorded on the Italian Stock Exchange during the five trading days prior to the payment date (i.e. on 29, 30 and 31 July, and 3 and 4 August 2020) multiplied by the exchange ratio (2.969 euro) and (y) 0.57 euro, for a total consideration of 3.539 euro per remaining share

The compulsory squeeze-out procedure, pursuant to Article 108, paragraph 2, of the Consolidated Law on Finance, which was carried out between 24 August and 11 September 2020, resulted in sale requests for a total of 90,691,202 remaining shares, representing 7.9256% of the share capital of UBI Banca and 80.7385% of the remaining shares. With reference to the 90,691,202 remaining shares:

- for 87,853,597 remaining shares, the owners have requested the consideration established for the Public Offer; and

- for the other 2,837,605 remaining shares, the owners have requested the cash consideration in full, i.e. 3.539 per remaining share.

Taking into account (a) the 1,031,958,027 shares tendered in acceptance of the Offer, (b) the 90,691,202 remaining shares purchased through the procedure pursuant to Article 108, paragraph 2, of the Consolidated Law on Finance, (c) the 131,645 ordinary shares of the Issuer held directly or indirectly by Intesa Sanpaolo and (d) the 8,903,302 own shares held by UBI Banca, Intesa Sanpaolo, following the procedure pursuant to Article 108, paragraph 2, of the Consolidated Law on Finance, came to hold a total of 1,131,684,176 UBI Banca shares, equal to 98.8988% of the share capital of UBI Banca. Intesa Sanpaolo made the payment of the consideration for the compulsory squeeze-out pursuant to Article 108 paragraph 2 of the Consolidated Law on Finance on 17 September 2020 through:

- the issuance of 149,351,114 new Intesa Sanpaolo shares, representing 0.77% of the bank's share capital, and the payment of a consideration of 50,076,550.29 euro to the accepting shareholders who chose the consideration established for the Offer;

- the payment of 10,042,284.10 euro for the accepting shareholders that requested the cash consideration in full.

Subsequent to the procedure pursuant to Article 108, paragraph 2 of the Consolidated Law on Finance, Intesa Sanpaolo, having come to hold more than 95% of the share capital of UBI Banca, exercised its right of squeeze-out pursuant to Article 111 of the Consolidated Law on Finance and, at the same time, carried out the compulsory squeeze-out pursuant to Article 108, paragraph 1 of the Consolidated Law on Finance for the shareholders of UBI Banca that requested it, through a specific joint procedure that, as agreed with CONSOB and Borsa Italiana (the "**Joint Procedure**"), was carried out in the period 18 – 29 September 2020. The Joint Procedure targeted a maximum of 21,635,917 UBI residual shares. The consideration established in the Joint Procedure was the same as that paid for the shares purchased in the procedure pursuant to Article 108, paragraph 2 of the Consolidated Law on Finance. During the Joint Procedure, sale requests were submitted for a total of 3,013,070 remaining shares, i.e. 13.9262% of the shares subject to the procedure. More specifically:

- for 408,474 shares, the owners requested the consideration established for the Public Offer; and

- for the other 2,604,596 shares, the owners requested the cash consideration in full, i.e. 3.539 per remaining share.

No sale requests were submitted by the holders of the 18,622,847 remaining shares. Those residual shares also include 8,877,911 own shares (representing 0.7758% of the Issuer's share capital) held by UBI Banca and 120,985 UBI Banca ordinary shares held on own account by Intesa Sanpaolo before 17 February 2020, the announcement date of the Offer. The UBI Banca own shares and UBI Banca ordinary shares held on own account by Intesa Sanpaolo were not transferred to Intesa Sanpaolo under the Joint Procedure. Intesa Sanpaolo made the payment of the consideration for the Joint Procedure on 5 October 2020 through:

- the issuance of 17,055,121 new Intesa Sanpaolo shares, representing 0.09% of the Bank's share capital and the payment of a consideration of 5,718,482.25 euro to the accepting shareholders who chose the consideration established for the Offer and to the shareholders that did not submit any sale requests;

- the payment of 9,217,655.24 euro for the accepting shareholders that requested the cash consideration in full.

Following the conclusion of the Joint Procedure, Intesa Sanpaolo came to hold 100% of the share capital of UBI Banca.

In addition, with resolution no. 8693 of 17 September 2020, Borsa Italiana ordered the delisting of UBI Banca shares from trading on the Mercato Telematico Azionario (electronic stock exchange) as of 5 October

2020 (settlement date of the Joint Procedure), subject to suspension of the share during the sessions of 1 and 2 October 2020.

Lastly, on 29 January 2021, the plan for the merger by incorporation of UBI Banca S.p.A. into Intesa Sanpaolo S.p.A. was filed with the Torino Company Register.

The merger was then approved by the Board of Directors of Intesa Sanpaolo on 2 March 2021 and completed on 12 April 2021.

Merger of Banca IMI

Intesa Sanpaolo announced on 2 April 2020 that following authorisation given by the European Central Bank, the plan for the merger by incorporation of Banca IMI S.p.A. into Intesa Sanpaolo was filed with the Companies Register of Turin. The merger, which was approved by the Board of Directors of Intesa Sanpaolo on 5 May 2020 and by the shareholders' meeting of Banca IMI, was completed on 20 July 2020.

2020 Annual General Meeting

On 27 April 2020, the annual general meeting of the shareholders of Intesa Sanpaolo approved, *inter alia*, the parent company's 2019 financial statements and, further to the Board of Directors' decision to suspend the proposal regarding dividend distribution to shareholders, allocation to reserves of the net income for the 2019 financial year. The shareholders' meeting also resolved to grant powers to the Board of Directors to implement a share capital increase by 31 December 2020 by a maximum total amount of €1,011,548,072.60 to serve the UBI Banca voluntary public exchange offer.

Agreement with Trade Unions in respect of at least 5,000 voluntary exits and up to 2,500 new hires by 2023

On 30 September 2020 Intesa Sanpaolo announced that Intesa Sanpaolo signed an agreement with the national Secretariats and Group Trade Delegations FABI, FIRST CISL, FISAC/CGIL, UILCA and UNISIN, which aims at enabling generational change at no social cost, while continuing to ensure an alternative to the possible paths for staff reskilling and redeployment as well as the enhancement of the skills of people of the Intesa Sanpaolo Group resulting from the acquisition of UBI Banca finalised on 5 August 2020.

The agreement identifies ways and criteria to reach the target of at least 5,000 exits on a voluntary basis by 2023, with Intesa Sanpaolo Group's people either to retire or access the solidarity fund.

Furthermore, by 2023, indefinite-term employment contracts will be signed according to the proportion of one hire for each two voluntary exits, up to 2,500 hires, against a minimum of 5,000 envisaged voluntary exits, a calculation which does not include the exits of people who will be moved due to the transfers of business lines. The new hires will support the Intesa Sanpaolo Group's growth and its new activities, with a focus on the branch Network and on the disadvantaged areas of the country, including through the "stabilisation" of people currently on fixed-term contracts. The Intesa Sanpaolo Group envisages that at least half of the hires will concern the provinces in which UBI Banca has its historical roots (Bergamo, Brescia, Cuneo and Pavia) and the South of Italy. The agreement has been signed well ahead of the deadline originally planned for year-end, thus highlighting the effective progress of the integration process.

Specifically, the agreement provides that:

- the offer relating to the voluntary exits is addressed to all the people of the Intesa Sanpaolo Group's Italian companies which apply the CCNL Credito (bank employees National Collective Labour Contract), including the mangers;

- people who meet the retirement requirements by 31 December 2026, including by applying the so-

called calculation rules "Quota 100" and "Opzione donna", may subscribe to the offer in accordance with the ways communicated by the Group;

- people who subscribed to the Intesa Sanpaolo 29 May 2019 Agreement or the UBI 14 January 2020 Agreement but were not included in the lists can submit requests for voluntary exit under defined terms;

- in the event that applications for retirement or access to the Solidarity Fund are in excess of the number of 5,000, a single list will be drawn up at Group level based on the date when the retirement requirement is met. The list will give priority to those people who have previously subscribed to the former Intesa Sanpaolo Group 29 May 2019 agreement or to the former UBI Group 14 January 2020 agreement and have not been included among the envisaged exits, as well as to people entitled to provisions under art. 3, paragraph 3 of Law 104/1992 for themselves, and to disabled people with a disability of at least 67%.

Capital requirement set by the ECB

On 25 November 2020 following the communication received from the ECB in relation to the Supervisory Review and Evaluation Process ("**SREP**"), Intesa Sanpaolo announced that the Bank, on a consolidated basis, must continue to meet the capital requirement that was established last year. The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 8.44% under the transitional arrangements for 2020 and 8.63% on a fully loaded basis.

This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.5% comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.5%, of which 0.844% is Common Equity Tier 1 ratio applying the regulatory amendment introduced by the ECB and effective from 12 March 2020;

- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to:

    - a Capital Conservation Buffer of 2.5% on a fully loaded basis from 2019,
    - an O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.56% under the transitional arrangements for 2020 and 0.75% on a fully loaded basis in 2021,
    - a Countercyclical Capital Buffer of 0.032% under the transitional arrangements for 2020 and 0.037% on a fully loaded basis in 2021[10].

Intesa Sanpaolo's capital ratios as at 30 September 2020 on a consolidated basis - net of around €2.3 billion dividends accrued in the first nine months of 2020 - were as follows:

- 14.7% in terms of Common Equity Tier 1 ratio[11][12];
- 19.6% in terms of Total Capital ratio calculated[13][14] by applying the transitional arrangements for 2020;

---

[10] Calculated taking into account the exposures as at 30 September 2020 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating either to 2020-2021, where available, or to the latest update of the reference period (requirement was set at zero per cent in Italy for 2020).

[11] After the deduction of accrued dividends, equal to 75% of net income for the first nine months of the year excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.

[12] Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 14% for the Common Equity Tier 1 ratio and 19.2% for the Total Capital ratio.

[13] After the deduction of accrued dividends, equal to 75% of net income for the first nine months of the year excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.

[14] Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 14% for the Common Equity Tier 1 ratio and 19.2% for the Total Capital ratio.

- 15.2% in terms of pro-forma Common Equity Tier 1 ratio calculated on a fully loaded basis[15][16]; and
- 20.6% in terms of pro-forma Total Capital ratio calculated on a fully loaded basis[17][18].

On 15 December 2020 and 18 December 2020, two securitisations were completed on portfolios of bad loans of UBI Banca and Intesa Sanpaolo S.p.A., previously sold to a vehicle under Law 130/99, worth around 5.1 billion euro gross and around 1.6 billion euro net, which comply with the regulatory requirements for bearing a State guarantee (GACS). The securitisation vehicles issued senior and subordinated notes amounting, respectively, to 87% and 13% of the portfolio price for the transaction carried out by UBI Banca and 81% and 19% of the portfolio price for the transaction carried out by Intesa Sanpaolo S.p.A.

In both cases, the senior notes were fully underwritten, and will be retained by UBI Banca and Intesa Sanpaolo, respectively. These securities, which have received an investment grade rating from specialist agencies, are expected to bear a GACS by the first quarter of 2021.

The subordinated notes, also initially underwritten by UBI Banca and Intesa Sanpaolo, were sold 95% to third-party investors with the remaining 5% retained in compliance with current regulatory requirements in order to obtain full accounting and regulatory derecognition of the portfolio.

Sovereign risk exposure

As at 31 December 2020 Intesa Sanpaolo Group's exposure in securities to Italian sovereign debt – including the insurance business – amounted to a total of almost €90 billion, in addition to receivables for almost €10 billion. The security exposures increased compared to €85,826 million (which did not include UBI Banca) as at the 31 December 2019.

Recent Events

After the end of the 2020 financial year, the transfer to BPER Banca of the former UBI Banca going concern - including a business line owned by UBISS (a consortium company controlled by UBI Banca) essentially focused on services to the branches subject to acquisition - became effective on 22 February 2021, while the sale of the branches owned by Intesa Sanpaolo will take effect from 21 June 2021.

Management

Board of Directors

---

15 After the deduction of accrued dividends, equal to 75% of net income for the first nine months of the year excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.

16 Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2020, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285 million covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca, and the expected distribution of the nine months 2020 net income of insurance companies.

17 After the deduction of accrued dividends, equal to 75% of net income for the first nine months of the year excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.

18 Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2020, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285 million covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca, and the expected distribution of the nine months 2020 net income of insurance companies.

The composition of Intesa Sanpaolo's Board of Directors as at the date hereof is as set out below.

Member of the Board of Directors	**Position**	**Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities**
Gian Maria Gros-Pietro	Chairman	Director of ABI Servizi S.p.A.
Paolo Andrea Colombo (#) (##)	Deputy Chairperson	Director of Colombo & Associati S.r.l.
Carlo Messina (*)	Managing Director and CEO	None
Bruno Picca(#)	Director	None
Rossella Locatelli (##)	Director	Director of Società per la Bonifica dei Terreni Ferraresi e per Imprese Agricole S.p.A. Member of the Supervisory Board of Darma SGR, a company in administrative compulsory liquidation Chairwoman of B.F. S.p.A. Chairwoman of B.F. Agricola S.r.l. – Società Agricola Director of CAI – Consorzio Agrari d'Italia S.p.A.
Livia Pomodoro (##)	Director	Director of Febo S.p.A.
Franco Ceruti	Director	Chairman of Intesa Sanpaolo Expo Institutional Contact S.r.l. Director of Intesa Sanpaolo Private Banking S.p.A. Chairman of Società Benefit Cimarosa 1 S.p.A.
Daniele Zamboni (##)(1) (#)	Director	None
Maria Mazzarella (##)(1)	Director	None
Milena Teresa Motta (##) (#)	Director and Member of the Management Control Committee	Director of Strategie & Innovazione S.r.l.
Alberto Maria Pisani (##)(1) (#)	Chairman of the Management Control Committee	None
Maria-Cristina Zoppo(##)(#)	Director and Member of the Management	Director of Newlat Food S.p.A.

Member of the Board of Directors	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities
	Control Committee	Chairwoman of the Board of Statutory Auditors Schoeller Allibert S.p.A.
		Standing Statutory Auditor of Coopers & Standard Automotive Italy S.p.A.
Luciano Nebbia	Director	Deputy Chairman of Equiter S.p.A.
Maria Alessandra Stefanelli(##)	Director	None
Guglielmo Weber(##)	Director	None
Anna Gatti(##)(1)	Director	Director of Fiera Milano S.p.A.
		Director of WiZink Bank S.A.
		Director of Lastminute Group
Fabrizio Mosca(##) (#)	Director and Member of the Management Control Committee	Chairman of the Board of Statutory Auditors of Olivetti S.p.A.
		Chairman of the Board of Statutory Auditors of Aste Bolaffi S.p.A.
		Chairman of the Board of Statutory Auditors of Bolaffi S.p.A.
		Chairman of the Board of Statutory Auditors of Bolaffi Metalli Preziosi S.p.A.
		Standing Statutory Auditor of M. Marsiaj & C. S.r.l.
		Standing Statutory Auditor of Moncanino S.p.A.
Roberto Franchini (##)(3)(4) (#)	Director	None
Andrea Sironi (##)(2)	Director	Chairman of the Board of Borsa Italiana S.p.A.
		Chairman of the Board of London Stock Exchange Group Holding Italia S.p.A.

(*) Carlo Messina was appointed Managing Director and CEO by the Board of Directors on 2 May 2019. He is the only executive director on the Board.
(#) Is enrolled on the Register of Statutory Auditors and has practiced as an auditor or been a member of the supervisory body of a limited company
(##) Meets the independence requirements pursuant to Article 13.4.3 of the Articles of Association, the Corporate Governance Code and Article 148, third paragraph, of Legislative Decree 24 February 1998 no. 58. (1) is a representative of the Minority List
(2) was appointed as a director at the shareholders' meeting of 27 April 2020, following co-option by the Board of Directors on 2 December 2019

(3) was appointed as a director at the shareholders' meeting of 27 April 2020, replacing Corrado Gatti who had ceased to hold office
(4) Minorities representative

Conflicts of Interest

As at the date of this Base Prospectus and to the Bank's knowledge, no member of the Board of Directors of Intesa Sanpaolo is subject to potential conflicts of interest between their obligations arising out of their office or employment with the Issuer or the Intesa Sanpaolo Group and any personal or other interests.

The Issuer and its corporate bodies have adopted internal measures and procedures to guarantee compliance with the relevant regulation on board member conflicts of interest.

Such internal measures and procedures are available in the following section of the Issuer's website https://group.intesasanpaolo.com/en/governance/company-documents/2021.

Principal Shareholders

As of 28 April 2021, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 3 per cent (*)(**)). Such figures are updated based on the results from the register of shareholders and the latest communications received.

Shareholder Ordinary shares and percentage of ordinary shares

Shareholder	Ordinary shares	% of ordinary shares
Compagnia di San Paolo	1,188,947,304	6.119%
BlackRock Inc. (1)	972,416,733	5.005%
Fondazione Cariplo(2)	767,029,267	3.948%

(*) Shareholders that are fund management companies may be exempted from disclosure up to the 5% threshold.
(**) JP Morgan Chase & Co. holds an aggregate investment equal to 5.027% as per form 120 B dated 9 April 2021.

(1) BlackRock Inc. holds, as a fund management company, an aggregate investment equal to 5.066%, as per form 120 B dated 4 December 2020.

(2) The percentage held has been recalculated due to the changes in Intesa Sanpaolo's share capital of 5 August 2020, 17 September 2020 and 5 October 2020 as a result of the share capital increase to serve the Public Purchase and Exchange Offer for UBI Banca shares, the ensuing Procedure for the Compulsory Squeeze-Out pursuant to art. 108, paragraph 2, of the Consolidated Law on Finance ("TUF") and the subsequent Joint Procedure for the Right of squeeze-out pursuant to art. 111 of the TUF and Compulsory squeeze-out pursuant to art. 108, paragraph 1, of the TUF.

Note: figures may not add up exactly due to rounding differences.

The Italian regulations (Article 120 of Consolidated Law on Finance "TUF") set forth that holdings exceeding 3% of the voting capital of a listed company shall be communicated to both the latter and CONSOB. Moreover, under Article 19 of Consolidated Law on Banking "TUB" prior authorisation by the Bank of Italy shall be required for the acquisition of holdings of capital in banks that are either significant

or make it possible the exercise of significant influence or confer a share of voting rights or capital equal to at least 10%. The Italian regulations also set forth the obligation to disclose any agreements between shareholders. Furthermore, Article 120, paragraph 4-bis, of the "TUF" sets forth the obligation for investors who acquire holdings in listed issuers with Italy as home Member State, equal to or above 10% of the relevant capital or a lower threshold as defined by CONSOB, to declare the objectives they are pursuing.

Legal Proceedings

Disputes relating to anatocism and other current account and credit facility conditions, as well as usury

During 2020, the disputes of this type – which for many years have been a significant part of the civil disputes brought against the Italian banking industry – did not change significantly either in number or in total value of claims made compared to the previous year. Overall, the number of disputes, including mediations, with likely risk amounted to around approximately 3,800 (of which 900 for the UBI Group). The remedy sought amounted to around 637 million euro (of which 108 million euro for the UBI Group), with provisions of 199 million euro (of which 47 million euro for the UBI Group). As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and case-law decisions, for each dispute.

In 2014 and 2016, Article 120 of the Consolidated Law on Banking, which governs the compounding of interest in banking transactions, was amended with the establishment of the ban on anatocism and the delegation of the CICR (Interdepartmental Committee for Credit and Savings) to regulate this matter. In February 2017, the Italian Antitrust Authority initiated proceedings against Intesa Sanpaolo for alleged unfair business practices involving, among other things, the methods used to request the above-mentioned authorisation from customers for the charging of the interest to the account imposed by the new regulations introduced in 2016. The Authority completed the proceedings in October 2017, ruling that Intesa Sanpaolo had implemented an "aggressive" policy aimed at acquiring the authorisation, by soliciting customers to provide it through various means of communications and without putting them in a position to consider the consequences of that choice in terms of the interest calculation on the compounded debt interest. As a result, the Authority issued a fine of 2 million euro against Intesa Sanpaolo. Intesa Sanpaolo has submitted an appeal with the Lazio Regional Administrative Court, on the grounds that the ruling was unfounded. The proceedings are still pending.

Disputes relating to investment services

Also in this area, the disputes showed a slight downtrend in terms of number compared to the previous year. The most significant sub-group was disputes concerning derivatives, which remained substantially stable in number and value, but were nevertheless not significant in amount overall. The total number of disputes with likely risk for this type of litigation amounted to around 580 (of which 180 for the UBI Group). The total remedy sought amounted to around 272 million euro (of which 87 million euro for the UBI Group) with provisions of 129 million euro (of which 49 million euro for the UBI Group). As is the case for the other civil disputes, the assessment of the risk related to this type of litigation is carried out individually, taking into account the claims made, the defences submitted, the progress of the proceedings and the case-law guidance, for each dispute. The disputes to which the UBI Group is a party also include approximately 173 disputes with a remedy sought of 146 million euro initiated by "wiped out" shareholders and subordinated bondholders of the former "Old Banks" of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti, deemed to be of possible risk.

Judgement of the Court of Cassation on derivatives with local entities

By way of judgement no. 8770/2020, handed down by its Joint Sections on 12 May 2020, the Court of Cassation affirmed the nullity of several OTC derivative contracts (Interest Rate Swaps with upfront payments) entered into by an Italian bank and a Municipality, essentially establishing that: 1) the upfront

payment was a type of new debt resulting in long-term expenditure borne by the entity and, therefore, derivative contracts that comprise an upfront payment require the authorisation of the Municipal Council (not the Municipal Executive Committee), which, if lacking, shall invalidate the derivatives; 2) swap contracts constitute a "legal bet", permitted only in the amount in which these contracts acquire the form of a "rational bet", concluded in terms which enable both parties to understand the risks underlying the contract, which thus, must indicate the mark to market, implicit costs and probabilistic scenario.

The decision has been criticised by many authors and several lower courts have already deviated from the principles confirmed by the Court of Cassation.

Nonetheless, in September, two decisions unfavourable to the Bank in this sense were issued: 1) the Court of Pavia ordered the Bank to refund approximately 9.3 million euro, in addition to ancillary charges, to the Province of Pavia, stating the grounds for the ruling of the Court of Cassation, word-for-word; 2) the Court of Appeal of Milan rejected the appeal lodged by the Bank in the proceedings promoted by the Municipality of Mogliano Veneto. That ruling (which is only partially based on the arguments of the Court of Cassation) confirmed the first instance ruling which had ordered the Bank to refund the Municipality 5.8 million euro, a payment made in 2018. Both decisions were appealed.

Moreover, despite referring to a Municipality, the decision contains some general principles on the case and the subject matter of the swaps, which could be deemed applicable to all derivative contracts.

Within this framework, in order to assess the impact of the decision of ongoing disputes in light of the evolution of case-law, a specific reassessment was conducted of risks connected with the proceedings regarding derivative contracts entered into with local entities, companies controlled by entities and private parties and, where deemed appropriate, specific provisions were allocated.

Disputes relating to loans in CHF against the Croatian subsidiary Privredna Banka Zagreb Dd

As already noted in the previous financial statements, Privredna Banka Zagreb ("**PBZ**") and seven other Croatian banks were jointly sued by the plaintiff Potrošač (Croatian Union of the Consumer Protection Association), which claimed - in relation to loans denominated or indexed in Swiss francs granted in the past - that the defendants engaged in an unfair practice by allegedly using unfair contractual provisions on variable interest rate changed unilaterally by the banks and by linking payments in local currency to Swiss franc, without (allegedly) appropriately informing the consumers of all the risks prior to entering into a loan agreement. In September 2019, the Croatian Supreme Court rendered a ruling in the collective action proceedings, rejecting the appeals filed by the sued banks against the High Commercial Court ruling from 2018 and confirming the position of courts of lower instance that banks had breached collective interests and rights of consumers by incorporating unfair and null and void provisions on CHF currency clause. The decision of the Supreme Court was challenged by PBZ before the Constitutional Court, which rejected the claim at the beginning of 2021.

In connection with the mentioned proceedings for the protection of the collective interests of consumers, numerous individual proceedings have been brought by clients against PBZ, despite the fact that most of them voluntarily accepted the offer to convert their CHF loans into EUR denominated loans retroactively, in accordance with the Act on the Amendments to the Consumer Credit Act (Croatian Official Gazette 102/2015).

In March 2020, the Croatian Supreme Court, within model case proceedings (a Supreme Court proceedings with obligatory effect on lower instance courts with the aim of unifying/harmonising case law), ruled that the conversion agreements concluded between banks and borrowers under the Croatian Conversion Law of 2015 produce legal effects and are valid even in the case when the provisions of the underlying loan agreements on variable interest rate and currency clause are null and void. Such decision will positively

impact the individual proceedings related to converted loans in Swiss francs (or indexed to that currency), which should ultimately be settled, then, in favour of the Croatian subsidiary.

In 2020 the number of individual lawsuits filed against PBZ increased; anyhow, at the end of 2020 the total pending cases still amounted to a few thousand. It cannot be excluded the possibility that additional lawsuits might be filed against PBZ in the future in connection with CHF loans.

The amount of provisions recognized as at 31 December 2020 is reasonably adequate – according to available information – to meet the obligations arising from the claims filed against the subsidiary so far. The evolution of the overall matter is anyhow carefully monitored in order to take appropriate initiatives, if necessary, in consistence with any future developments.

ENPAM lawsuit

In June 2015 Fondazione ENPAM – Ente Nazionale di Previdenza ed Assistenza dei Medici e degli Odontoiatri (ENPAM) sued Cassa di Risparmio di Firenze (subsequently merged into Intesa Sanpaolo), along with other defendants including JP Morgan Chase & Co and BNP Paribas, before the Court of Milan. ENPAM's claims related to the trading (in 2005) of several complex financial products, and the subsequent "swap" (in 2006) of those products with other similar products; the latter were credit linked notes, i.e. securities whose repayment of principal at maturity was tied to the credit risk associated with a tranche of a synthetic CDO. Due to the defaults on the CDO portfolio, the investment allegedly resulted in significant losses.

In the writ of summons, ENPAM submitted several petitions for enquiries and rulings, in particular for contractual and tort liability and breach of Articles 23, 24 and 30 of the Consolidated Law on Finance, asking for the repayment of an amount of around 222 million euro and compensation for damages on an equitable basis; the part relating to Cassa di Risparmio di Firenze's position should be around 103 million euro (plus interest and purported additional damages).

Cassa di Risparmio di Firenze was sued as the transferee of the Italian branch of Cortal Consors S.A. (subsequently merged into BNP Paribas), which had provided ENPAM with the investment services within which the above-mentioned securities had been subscribed.

Cassa di Risparmio di Firenze raised various objections at the preliminary stage (including a lack of standing to be sued and the time bar). On the merits, it argued, among other positions, that the provisions of the Consolidated Law on Finance cited were not applicable and that there was no evidence of the damages. If an unfavourable judgement is rendered, Cassa di Risparmio di Firenze has requested that the court determine its internal share of the total liability of the defendants and that the other defendants be ordered to hold it harmless.

In February 2018, the judge ordered a court-appointed expert's review aimed at determining, among other matters:

– whether the securities were fit for the purpose indicated in the entity's Charter and Investment Guidelines;

– the difference, if any, between the performance achieved by ENPAM and the performance that would have resulted if other investments consistent with the entity's Charter and Investment Guidelines had been undertaken (also considering the need for diversification of the risk).

At the end of the expert review process the judge advocated the settlement of the dispute. A settlement agreement involving payment to ENPAM was finalised between the parties in November 2020; Intesa

Sanpaolo's share was fully covered by the amount that had been set aside the previous year precisely in view of a possible settlement. The case was declared dismissed at the hearing on 2 December 2020.

Florida 2000

In 2018, Florida 2000 s.r.l. (together with two directors of the company) challenged the legitimacy of the contractual terms and conditions applied to the accounts held with the Bank, requesting that the latter be ordered to pay back 22.6 million euro in interest and fees that were not due, plus compensation for damages quantified as an additional amount of 22.6 million euro.

In the technical document filed recently by the court-appointed expert, the sum to be reimbursed with regard to the claim relating to the contractual terms was quantified as modest in amount. On the other hand, it is unlikely that the claim for compensation for the damages in question will be granted as it is devoid of evidence. The case was declared ready for decision in December 2020 after the final expert's report filed was examined.

Alitalia Group: Claw-back actions

In August 2011, companies of the Alitalia Group – namely Alitalia Linee Aeree, Alitalia Servizi, Alitalia Airport and Alitalia Express – brought five bankruptcy claw-back proceedings against the Bank before the Court of Rome (of which one against the former Cassa di Risparmio di Firenze), requesting the repayment of a total of 44.6 million euro.

When the proceedings were initiated, a line of defence was adopted based mainly on the grounds that the actions were invalid due to the vagueness of the claims, that the condition of knowledge of the Alitalia Group's state of insolvency (subject first of the Air France plan and then of the subsequent rescue conducted by the Italian Government) did not apply, and that the credited items were not eligible for claw back, due to the specific nature of the account movements. In March 2016, the Court of Rome upheld Alitalia Servizi's petition and ordered the Bank to repay around 17 million euro, plus accessory costs.

In addition to being contestable on the merits, the ruling was issued before the deadline for filing of the final arguments. Accordingly, in the appeal subsequently lodged, a preliminary objection was made regarding the invalidity of the judgment, together with an application for suspension of its provisional enforceability, which was upheld by order of 15 July 2016 of the Court of Appeal. The final arguments have been filed in the case and the judgment is pending.

The lawsuit brought by Alitalia Linee Aeree was won in the first instance and is in the appeal phase, whereas the lawsuits brought by Alitalia Express and Alitalia Servizi against the former C.R. di Firenze were favourably concluded in the first two instances and a time period has been set for appealing to the Court of Cassation.

For Alitalia Airport, which was also won at first instance, the favourable judgment has become final.

Tirrenia di Navigazione in A.S. (Extraordinary Administration): Claw-back actions

In July 2013, Tirrenia di Navigazione in A.S. filed two bankruptcy claw-back actions before the Court of Rome against the former Cassa di Risparmio di Venezia for 2.7 million euro and against the former Banco di Napoli for 33.8 million euro.

In both cases, the plaintiff claimed that there was knowledge of the state of insolvency for the entire half year prior to admission to extraordinary administration on the basis of media reports, the non-renewal of shipping concessions, the absence of state subsidies (because they were considered state aid), and the information from the central credit register.

The claim was quantified on the same basis as the so-called "return of profits" earned on Tirrenia's accounts, corresponding to the difference between the maximum debt exposure and the final balance of the accounts generated in the half year prior to the declaration of insolvency.

The case against the former CR Venezia was concluded at first instance in 2016 with an order for payment of 2.8 million euro and is pending an appeal brought by the Bank.

In the trial involving the former Banco di Napoli, on the other hand, the final arguments were filed in December and the judgment is pending.

Selarl Bruno Raulet (formerly Dargent Tirmant Raulet) dispute

The claim was filed before a French Court in 2001 by the trustee in bankruptcy for the bankruptcy of the real estate entrepreneur Philippe Vincent, which made a request to the Bank for compensation of 56.6 million euro for the alleged "improper financial support" provided to the entrepreneur. The claim of the trustee in bankruptcy has consistently been rejected by the courts of different instance which dealt with the case over 17 years, until the Court of Colmar, in May 2018, ordered the Bank to pay compensation of around 23 million euro. The Colmar judgment was appealed before French Supreme Court of Cassation, which in January 2020 overturned and quashed the decision of the Court of Appeal of Colmar and referred the matter to the Court of Appeal of Metz.

Consequently, in the first quarter of 2020, the Bank obtained the refund of the around 23 million euro paid according to the ruling of the Court of Appeal of Colmar in 2018.

At the end of July, the bankruptcy receiver referred the dispute to the Court of Appeal of Metz, requesting payment of 55.6 million euro (equal to the entire amount of insolvency liabilities, minus the amount obtained from the sale of the property whose purchase was financed by the Bank). In turn, the Bank filed an appearance and challenged the opposing party's claims. Last November, the Court set the date of the hearing for March 2021, to be preceded by an additional exchange of filings, and the court will then decide the case (estimated to occur by summer 2021).

Disputes regarding tax-collection companies

In the context of the government's decision to re-assume responsibility for tax collection, Intesa Sanpaolo sold to Equitalia S.p.A., now the Italian Revenue Agency - Collections Division, full ownership of Gest Line and ETR/ESATRI, companies that managed tax-collection activities, undertaking to indemnify the buyer against any expenses associated with the collection activity carried out up to the time of purchase of the equity interests.

In particular, such expenses refer to liabilities for disputes (with tax authorities, taxpayers and employees) and out-of-period expenses and capital losses with respect to the financial situation at the time of the sale. Overall, the claims made amount to approximately 80 million euro. A technical roundtable has been formed with the Italian Revenue Agency - Collections Division in order to assess the parties' claims.

Fondazione Monte dei Paschi di Siena (FPMS)

In 2014, FMPS brought an action for compensation for the damages allegedly suffered as a result of a loan granted in 2011 by a pool of 13 banks and intended to provide it with the resources to subscribe for a capital increase of MPS. The damages claimed were allegedly due to the reduction in the market value of the MPS shares purchased with the sums disbursed by the banks. In the proceedings, FMPS summoned 8 former directors of the Foundation that were in office in 2011 and the 13 banks in the pool (including Intesa Sanpaolo and Banca IMI). The banks have been charged with non-contractual liability due to their participation in the alleged violation by the former directors of the debt-equity ratio limit set in the charter.

The claim for damages has been quantified at around 286 million euro, jointly and severally for all the defendants.

The defence adopted by the banks included the argument that the alleged breach of the aforementioned charter limit did not apply, because it was based on an incorrect valuation of the Foundation's balance sheet items. In addition, in the loan agreement, FMPS itself assured the banks that the charter limit had not been breached and, therefore, any breach of the charter would at most give rise to the sole responsibility of the former directors of the Foundation.

In November 2019, the Court of Florence, before which the trial is currently pending, handed down a non-definitive judgment rejecting some preliminary arguments/arguments as to jurisdiction raised by the banks, while reserving the parties' preliminary applications for decision. The banks appealed the judgment before the Florence Court of Appeal in respect of the rejection of the argument as to lack of jurisdiction, finding there to be solid arguments for the judgment in question to be overturned; the first hearing for appearance has been set for May 2021.

The judge of the first instance lifted the reserve to decide the preliminary applications and admitted the court-appointed expert witness testimony requested by the Foundation on exceeding the debt limit set by the Articles of Association when the loan was granted. The trial was then declared stayed due to the death of one of the defendants; the hearing for continuation of the trial has been set for April 2021. The expert witness testimony is necessary for a thorough assessment of the risk of the case. At present, the risk may be considered possible.

Gruppo Elifani

Lawsuit brought in 2009 by Edilizia Immobiliare San Giorgio 89 S.r.l., San Paolo Edilizia S.r.l., Hotel Cristallo S.r.l. and the guarantor-shareholder Mario Elifani seeking compensation for damages suffered due to alleged unlawful conduct by the Bank for having requested guarantees disproportionate to the credit granted, enforced pledge guarantees, applied usurious interest to mortgage loans and submitted erroneous reports to the Central Credit Register. The initially claimed amount was approximately 116 million euro and the dispute refers to the same circumstances mostly already cited in the disputes regarding anatocism and interest in excess of the legal amount brought by the aforementioned companies in 2004 and settled in early 2014. The lawsuit had a favourable outcome for the Bank in both the first and second instances. By order of 27 December 2019, the Court of Cassation partially granted the adverse parties' petition, with referral of the matter. The adverse parties resumed the lawsuit before the Milan Court of Appeal, quantifying the claim at approximately 72 million euro, in addition to interest and inflation, and thus at a total of approximately 100 million euro. The hearing for the submission of final arguments has been set for June 2021. The Bank also has a valid basis for its defence in this stage of the dispute, given that in the previous instances of the trial the disputed conduct was essentially found to be correct. At present, the risk of a lawsuit is deemed possible, whereas further elements may emerge from the upcoming hearing.

Energy s.r.l.

Energy s.r.l., to which the bankruptcy receiver of C.I.S.I. s.r.l. transferred all its rights towards third parties, brought a claim before the Court of Rome against Intesa Sanpaolo seeking to quash the revocation of the subsidised loan of approximately 22 million euro granted to C.I.S.I. s.r.l. in 1997 pursuant to Law 488/92 and a judgment ordering the Ministry of Economic Development, Intesa Sanpaolo (as the concessionaire for the procedural application process) and Vittoria Assicurazioni (guarantor of the payment of the second instalment of the loan), jointly and severally between them, to provide compensation for damages allegedly incurred, quantified at a total of approximately 53 million euro. The company justified its claim by citing a favourable judgment rendered in criminal proceedings originating from a complaint filed against C.I.S.I. and its director alleging grave irregularities and breach in the execution of the business plan to which the loan referred – proceedings that had led to the revocation of the subsidised loan. Intesa Sanpaolo entered

its appearance, denying that there was any basis for the adverse parties' claims, arguing that all claims for compensation against the Bank had become time barred, the claims were groundless on the merits and the damages had been represented inappropriately. The first hearing was held and the preliminary statements were exchanged; the hearing for the entry of conclusions has been set for March 2021. Previous legal initiatives taken by C.I.S.I. and then by its bankruptcy receiver before the administrative and ordinary courts were rejected with regard to Intesa Sanpaolo's position (in particular, a claim for compensation against the Bank for alleged damages). Despite the favourable outcome of the previous disputes and the defences presented, the risk of the lawsuit is currently deemed possible.

Private banker (Sanpaolo Invest)

An inspection conducted by the Audit function identified serious irregularities by a private banker of Sanpaolo Invest.

The checks carried out revealed serious irregularities affecting several customers, including misappropriation of funds and reports with false incremental amounts. On 28 June 2019, the Company terminated the agency contract with the private banker due to just cause and communicated the findings to the Judicial Authority and the Supervisory Body for financial advisors, which first suspended and then removed the private banker from the Register of Financial Advisors in December 2019.

Following the unlawful actions, the company received a total of 276 compensation claims (including complaints, mediation proceedings and lawsuits), for a total amount of approximately 62 million euro, mostly based on alleged embezzlement, losses due to disavowed transactions in financial instruments, false account statements and the debiting of fees relating to advisory service.

There are currently 173 pending claims, with a present value of approximately 51 million euro, following the resolution of 103 positions (34 settled and 69 withdrawn or resolved by virtue of commercial agreements).

The total amount of 4.2 million euro was recovered from the improperly credited customers (and already returned to the customers harmed) and there are pending attachments of approximately 4 million euro.

A precautionary attachment was ordered against the private banker for an amount equal to the balance found in the accounts and deposits held with credit institutions and the social-security position with Enasarco. In the ensuing case on the merits, the former private banker filed a counterclaim in the total amount of 0.6 million euro by way of non-payment of indemnity for termination of the relationship.

Another lawsuit was also brought against former private bankers to recover the claims arising from withdrawal from the agency contract, in the total amount of 1.6 million euro, in addition to interest by way of indemnity in lieu of notice, penalty relating to a loan agreement and reimbursement of advances of bonuses.

The company has set aside adequate provisions for the risks associated with the unlawful conduct discussed above, in the light of its foreseeable outlays, without considering the cover provided for in the specific insurance policy.

Ruling of the EU Court of Justice of 11 September 2019 on credit agreements for consumers - so-called Lexitor ruling

Article 16, paragraph 1, of Directive 2008/48 on credit agreements for consumers states that in the event of early repayment of the loan the consumer is "entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract". According to the Lexitor ruling, this provision must be interpreted as meaning that the right to a reduction in the total

cost of the credit includes all the costs incurred by the consumer and therefore also includes the costs relating to services prior to or connected with the signing of the contract (upfront costs such as processing costs or agency fees).

Article 16, paragraph 1 of Directive 2008/48 has been transposed in Italy through Article 125 sexies of the Consolidated Law on Banking, according to which in the event of early repayment "the consumer is entitled to a reduction in the total cost of the credit, equal to the amount of interest and costs due for the remaining life of the contract". On the basis of this rule, the Bank of Italy, the Financial Banking Arbitrator and case law have held that the obligation to repay only relates to the charges that have accrued during the course of the relationship (recurring costs) and have been paid in advance by the customer to the lender. In the event of early repayment, these costs must be repaid in the amount not yet accrued and the obligation to repay does not include the upfront costs.

Following the Lexitor judgment, the question has arisen as to whether Article 125 sexies of the Consolidated Law on Banking should be interpreted in accordance with the principle laid down therein or whether the new principle requires a legislative amendment.

According to the EU principle of "consistent interpretation", national courts are required to interpret the rules in their own jurisdiction in a manner consistent with the European provisions. However, if the national rule has an unambiguous interpretation, it cannot be (re)interpreted by the court in order to bring it into line with the various provisions of a European directive: the principles recognised by European Union law prevent the national court from being required to make an interpretation that goes against the provisions of the domestic law. In this regard, we note that Article 125 sexies of the Consolidated Law on Banking is clear in its wording and its scope: it states that, in the event of early repayment, the obligation to repay relates only to recurring costs and therefore does not include upfront costs. The unambiguity of the scope of the provision is confirmed by the fact that – as stated above – it has always been interpreted and applied in this way.

However, in December 2019 the Bank of Italy issued "*guidance*" for the implementation of the principle established by the EU Court of Justice, to the effect that all costs (including upfront costs) should be included among the costs to be refunded in the event of early repayment, both for new relationships and for existing relationships.

Intesa Sanpaolo has decided to follow the Bank of Italy "guidance", even though it believes that the legal arguments set out above regarding the fact that Article 125 sexies of the Consolidated Law on Banking cannot be interpreted in a manner that complies with the Lexitor ruling are well founded. Accordingly, Intesa Sanpaolo reserves the right to reconsider this operational stance in the light of future developments. A provision has therefore been made in the Allowance for Risks and Charges corresponding to the estimated higher charges resulting from the decision to follow the Bank of Italy "*guidance*".

With regard, on the other hand, to disputes relating to terminated relationships, in 2020 the court decisions have been discordant and no prevailing case-law has emerged. In view of this and in the light of the legal arguments set out above (which will be broadened and included in the defences presented in the above-mentioned disputes), at this stage there is no evidence to consider that a general negative outcome of this type of disputes will be likely.

In 2020, 1,062 suits were brought concerning early termination of salary-backed loans (417 for the UBI Group), for a total remedy sought of 2.6 million euro (of which 1.1 million euro for the UBI Group). In 2019, 924 suits were brought (382 for the UBI Group), for a total remedy sought of 2.4 million euro (of which 1.1 million euro for the UBI Group).

Offering of diamonds

In October 2015, the Bank signed a partnership agreement with Diamond Private Investment (DPI) governing how diamond offerings were made by DPI to the customers of Intesa Sanpaolo. The aim of this initiative was to provide customers with a diversification solution with the characteristics of a "safe haven asset" in which to allocate a marginal part of their assets over the long-term. Diamonds had already been sold for several years by other leading national banking networks.

This recommendation activity was carried out primarily in 2016, with a significant decline starting from the end of that year.

A total of around 8,000 customers purchased diamonds, for a total of around 130 million euro. The marketing process was based on criteria of transparency, with safeguards progressively enhanced over time, including quality controls on the diamonds and the fairness of the prices applied by DPI.

In February 2017, the AGCM (the Italian Competition Authority) brought proceedings against companies that marketed diamonds, (DPI and other companies), for alleged conduct in breach of the provisions on unfair business practices.

In April, those proceedings were extended to the banks that carried out the recommendation of the services of those companies.

At the end of those proceedings, on 30 October 2017, the AGCM notified the penalties imposed for the alleged breach of the Consumer Code through the conduct of DPI and of the banks which the proceedings had been extended to, consisting - in short - of having provided partial, deceptive and misleading information on the characteristics of the diamond purchases, the methods used to calculate the price - presented as being the market price - and the performance of the market. The Authority issued a fine of 3 million euro against Intesa Sanpaolo, reduced from the initial fine of 3.5 million euro, after the Authority had recognised the value of the measures taken by the Bank from 2016 to strengthen the safeguards on the offering process aimed, in particular, at ensuring proper information to customers.

Following the order by the AGCM, the Bank paid the amount of the fine and filed an appeal with the Lazio Regional Administrative Court against the order. There were no developments regarding this appeal during 2020. From November 2017, the Bank:

- terminated the partnership agreement with Diamond Private Investment (DPI) and ceased the activity, which had already been suspended in October 2017;

- started a process that provides for the payment to customers of the original cost incurred for the purchase of the diamonds and the withdrawal of the stones, in order to satisfy the customers' resale needs which, due to the illiquidity that had arisen in the market, are not met by DPI;

- sent a communication in January 2018 to the diamond-holding customers reiterating the nature of the stones as durable goods, and also confirming the Bank's willingness to intervene directly in relation to any realisation needs expressed by the customers and not met by DPI.

As at 31 December 2020, a total of 6,725 repurchase requests had been received from customers and met by the Bank, for a total value of 114.3 million euro, with the flow of requests steadily decreasing in 2020. The valuation of the repurchased diamonds is carried out using the values provided by the IDEX Diamond Retail Benchmark, one of the main online trading platforms used in the main markets by over 7,000 traders.

In February 2019, an order for preventive criminal seizure of 11.1 million euro was served, corresponding to the fee and commission income paid by DPI to the Bank.

The preliminary investigations initiated by the Public Prosecutor's Office of Milan also concern four other banks (more involved) and two companies that sell diamonds.

In October 2019, the notice of conclusion of the investigation was served, which stated that two of the Bank's operators were currently under investigation for alleged aggravated fraud (in collusion with other parties to be identified) and other persons are being identified for allegations of self-laundering, while ISP is being charged with the administrative offence pursuant to Italian Legislative Decree 231/2001 in relation to this latter predicate offence.

In September 2020 the Bank learned from press sources of the conclusion of the preliminary investigations by the Milan Public Prosecutor's Office within the framework of an additional pending criminal proceeding relating to this affair, in which neither the Bank nor its management board members and key function holders/employees have been involved to date.

Disputes arising from the acquisition of certain assets, liabilities and legal relationships of Banca Popolare di Vicenza S.p.A. in compulsory administrative liquidation and Veneto Banca S.p.A. in compulsory administrative liquidation

We remind you first of all that:

a) based on the agreements between the two Banks in compulsory administrative liquidation and Intesa Sanpaolo (Sale Contract of 26 June 2017 and Second Acknowledgement Agreement of 17 January 2018), two distinct categories of disputes have been identified (also relating to the subsidiaries of the former Venetian banks included in the sale):

   - the Previous Disputes, included among the liabilities of the Aggregate Set transferred to Intesa Sanpaolo, which include civil disputes relating to judgements already pending at 26 June 2017, with some exceptions, and in any case different from those included under the Excluded Disputes (see the point below);
   - the Excluded Disputes, which remain under the responsibility of the Banks in compulsory administrative liquidation and which concern, among other things, disputes brought (also before 26 June 2017) by shareholders and convertible and/or subordinate bondholders of one of the two former Venetian banks, disputes relating to nonperforming loans, disputes relating to relationships terminated at the date of the transfer, and all disputes (whatever their subject) arising after the sale and relating to acts or events occurring prior to the sale;

b) the relevant allowances were transferred to Intesa Sanpaolo along with the Previous Disputes; in any case, if the allowances transferred prove insufficient, Intesa Sanpaolo will be entitled to be indemnified by the Banks in compulsory administrative liquidation, at the terms provided for in the Sale Contract of 26 June 2017;

c) after 26 June 2017, a number of lawsuits included within the Excluded Disputes were initiated or resumed against Intesa Sanpaolo. With regard to these lawsuits:

   - Intesa Sanpaolo is pleading and will plead its non-involvement and lack of capacity to be sued, both on the basis of the provisions of Law Decree 99/2017 (Article 3) and the agreements signed with the Banks in compulsory administrative liquidation and in compliance with the European Commission provisions on State Aid (Decision C(2017) 4501 final and Attachment B to the Sale Contract of 26 June 2017), which prohibit Intesa Sanpaolo from taking responsibility for any claims made by the shareholders and subordinated bondholders of the former Venetian Banks;
   - if there were to be a ruling against Intesa Sanpaolo (and in any event for the charges incurred by Intesa Sanpaolo for any reason in relation to its involvement in any Excluded Disputes), it would have the right to be fully reimbursed by the Banks in compulsory administrative liquidation;

- the Banks in compulsory administrative liquidation have contractually acknowledged their capacity to be sued with respect to the Excluded Disputes, such that they have entered appearances in various proceedings initiated (or reinitiated) by various shareholders and convertible and/or subordinate bondholders against Intesa Sanpaolo (or in any case included in the category of Excluded Disputes), asking for the declaration of their exclusive capacity to be sued and the consequent exclusion of Intesa Sanpaolo from those proceedings;

d) pursuant to the agreements between the two Banks in compulsory administrative liquidation and Intesa Sanpaolo, the disputes regarding the marketing of shares/convertible and/or subordinated bonds initiated against Banca Nuova and Banca Apulia (subsequently merged by incorporation into Intesa Sanpaolo) are also included in the Excluded Disputes (and therefore have the same treatment as described above, as a result of the above-mentioned provisions and based on the criteria set out in the retransfer agreements signed on 10 July 2017, as subsequently supplemented).

The above-mentioned disputes in the Excluded Disputes include 90 disputes (for a total remedy sought of around 94 million euro) involving claims relating to loans sold to Intesa Sanpaolo and deriving from so-called "operazioni baciate"; this term refers to loans granted by the former Venetian banks (or their Italian subsidiaries Banca Nuova/Banca Apulia) for the purpose of, or in any case related to, investments in shares or convertible and/or subordinated bonds of the two former Venetian Banks.

The most recurrent claims relate to:

- the violation by the former Venetian banks (or their subsidiaries) of the requirements of the rules on investment services; the customers claim that they were induced to purchase the shares on the basis of false or misleading information on the product's risk characteristics;
- the invalidity of the "baciata" transaction due to the breach of Article 2358 of the Italian Civil Code, which prohibits companies from granting loans for the purchase of treasury shares, except in certain limited cases.

The case law regarding such transactions is still very limited and does not provide a basis for inferring the destiny of the loans in question for Intesa Sanpaolo. Among the few judgments that have been rendered to date, four voided the loan sold to Intesa Sanpaolo in respect of the part intended for the purchase of shares and were or will be appealed. In six cases, the decision was favourable to Intesa Sanpaolo, which proved that there was no effective correlation between the loan and equity investment, or successfully claimed that it was not liable, since the disputes began after the sale but referred to events predating it.

With regard to the risks arising from these disputes, it should be borne in mind that the Sale Contract establishes the following:

- that any liability, charge and/or negative effect that may arise to Intesa Sanpaolo from actions, disputes or claims made by shareholders and subordinated bondholders constitutes an Excluded Liability under the Contract and, as such, must be subject to indemnification by the Banks in compulsory administrative liquidation;
- the obligation of each Bank in compulsory administrative liquidation to indemnify Intesa Sanpaolo against any damage arising from, or connected to, the violation or non-compliance of the Representations and Warranties issued by the two Banks in compulsory administrative liquidation with respect to the Aggregate Set transferred to Intesa Sanpaolo, and, in particular, those relating to the full propriety, validity and effectiveness of the loans and contracts transferred.

On the basis of these provisions, Intesa Sanpaolo is entitled to be indemnified by the Banks in compulsory administrative liquidation against any negative effect incurred if these loans are totally or partially invalid, unrecoverable, or in any case not repaid as a result of legal disputes.

Intesa Sanpaolo has already made a formal reservation in this regard to the two Banks in compulsory administrative liquidation for all the loans acquired and arising from loans potentially qualifying as "operazioni baciate", even if they have not (yet) been formally contested by customers (see below "Initiatives undertaken with respect to the compulsory administrative liquidations").

In 2019, Intesa Sanpaolo sent several claims to the Banks in compulsory administrative liquidation containing requests (or reservations of the right to make subsequent requests) for reimbursement/indemnification of damages already incurred or potentially incurred and violations of the above-mentioned Representations and Warranties, in relation to Previous Disputes and Excluded Disputes, as well as in relation to the value and recoverability of several assets transferred to Intesa Sanpaolo.

To enable the Banks in compulsory administrative liquidation to perform a more thorough examination of the claims made, on several occasions, at the request of the Banks in compulsory administrative liquidation, Intesa Sanpaolo granted extension (with respect to the contractual provisions) of the deadline for contesting the claims made. The period is currently set to end on 30 September 2021.

The indemnity claims relating to the Previous Disputes and Excluded Disputes, for the charges accrued through 30 June 2020, were submitted to the Banks in compulsory administrative liquidation on 22 January 2021.

No disputes have emerged with regard to the claims already served, nor is there any reason to fear that the passage of time will weaken our claims

In this regard, it should also be noted that Paragraph 11.1.9 of the Sale Contract establishes that "*the precise and timely payment of any obligations and liabilities assumed in favour of the ISP by BPVi and/or VB shall be guaranteed by the Issuing Body (i.e. the Ministry of the Economy and Finance): (i) with regard to the indemnification obligations assumed by BPVi and/or VB and relating to the Previous Disputes, up to the maximum amount of the remedy sought for each of the Previous Disputes as indicated in the case documents, net of the specific risk allowances transferred to ISP with the Aggregate Set; and (ii) with regard to the remaining obligations and liabilities assumed by BPVi and/or VB, up to the maximum amount of 1.5 billion euro*" (the "**Indemnification Guarantee**").

This provision is consistent with and implements Article 4, paragraph 1, letter c) of Law Decree no. 99/2017: the Ministry of the Economy and Finance "*grants the Government independent first demand guarantee on the performance of the obligations of the entity in liquidation arising from commitments, representations and warranties issued by the entity in liquidation in the sale contract, for a maximum amount equal to the sum of 1,500 million euro plus the result of the difference between the value of the past disputes of the entities in liquidation, as indicated in the case documents, and the related risk provision, up to a maximum of 491 million euro*".

The Indemnification Guarantee is therefore an essential prerequisite of the Sale Contract. To date, this guarantee has not yet been formalised by a specific Decree from the Ministry of the Economy and Finance. The issuance of the guarantee by the government is a required procedure that is envisaged, not only by the Sale Contract of 26 June 2017, but also by the abovementioned Law Decree 99/2017.

In January 2018, as part of a criminal proceeding before the Court of Rome for the alleged market rigging and obstructing the Supervisory Authorities in the performance of their functions with respect to officers and executives of Veneto Banca, the preliminary hearing judge decided that Intesa Sanpaolo could be charged with civil liability. According to the judge, the exclusion from the sale to Intesa Sanpaolo of the debts, responsibilities and liabilities deriving from the sale of shares and subordinated bonds – envisaged by Law Decree 99/2017 – would not be objectionable by third parties, while Article 2560 of the Italian Civil Code would be applicable in the case in question and Intesa Sanpaolo should therefore take on those liabilities.

As a result of this decision, more than 3,800 civil plaintiffs holding Veneto Banca shares or subordinated bonds joined the proceedings. Intesa Sanpaolo therefore entered an appearance requesting its exclusion from the proceedings, in application of the provisions of Law Decree 99/2017, of the rules established for the compulsory administrative liquidation of banks and, before that, of the principles and rules contained in the bankruptcy law, in addition to the constitutional principles and decisions made at EU level with regard to the operation relating to the former Venetian banks. In turn, Veneto Banca in compulsory administrative liquidation intervened voluntarily affirming its exclusive, substantial and procedural capacity to be sued.

In March 2018, the preliminary hearing judge declared his lack of territorial jurisdiction, transferring the files to the Public Prosecutor's Office of Treviso. The charge of civil liability and the joinders of the civil parties were therefore removed.

After the case documents were forwarded to the Public Prosecutor's Office of Treviso, the former Managing Director of Veneto Banca, Vincenzo Consoli, was committed to trial for the offences of market-rigging, obstructing banking supervisory authorities and financial reporting irregularities.

The Judge for the Preliminary Hearing rejected the motion to authorise the summons of Intesa Sanpaolo as civilly liable party. A similar motion was rejected in the criminal proceedings before the Court of Vicenza against management board members and key function holders and executives of Banca Popolare di Vicenza.

Metropolitan City of Rome the Capital (formerly the Province of Rome)

Criminal proceedings are pending before the Rome Public Prosecutor's Office against a former Banca IMI manager for co-commission of aggravated fraud against the Metropolitan City of Rome Capital (formerly the Province of Rome).

The proceedings relate to the overall transaction for the purchase by the local authority, through the real estate fund Fondo Immobiliare Provincia di Roma (fully owned by the Province of Rome), of the new EUR premises.

The real-estate transaction received financing of 232 million euro from UniCredit, BNL and Banca IMI (each with 1/3).

The former Banca IMI employee is accused of having misled – with three other managers of the two other lending banks, seven managers of the asset management company that manages the provincial fund and two public officials – the fund's internal control bodies and representatives of the Province, allowing the lending banks to obtain an unjust profit and thus causing significant damages to the public authority. In addition, the Public Prosecutor claims that the lending banks and the Fund entered into a loan under different, more burdensome conditions than those provided for in the call for tenders held by the public entity for the transaction.

ISP (as the company that absorbed Banca IMI) is investigated in the criminal proceeding pursuant to Legislative Decree 231/01 together with the other two lending banks and the real-estate fund management company. Based on early reconstructions, there is reason to believe that the correctness of the Bank's actions will be confirmed.

Significant disputes involving the UBI Group

Oromare Bankruptcy

The bankruptcy receiver for Oromare società consortile a r.l. sued UBI in October 2018, claiming that banking credit had been unlawfully granted and maintained by the bank to the bankrupt company, seeking compensation for damages of 22.5 million euro.

The defence counsel of UBI argued that the bankruptcy receiver lacked standing to sue, citing the position in case law according to which it is individual creditors, not the body of bankruptcy creditors, who have standing to bring an action. It was also emphasised that the disputed loan was granted to support the company at a moment of particular growth and balanced financial performance.

An adverse outcome to the proceedings, which are in the preliminary phase, is possible.

Eugenio Tombolini S.p.A. bankruptcy receiver and others

In 2016, Eugenio Tombolini S.p.A. and its shareholders and guarantors sued Nuova Banca delle Marche, claiming that it had not fulfilled a restructuring agreement pursuant to Article 182-bis of the Bankruptcy Law and that it had applied unlawful interest on current accounts and loans, quantifying its claim at 94 million euro.

The bank entered its appearance, objecting that some of the claimants lacked standing to sue and that it lacked standing to be sued in respect of some of the disputed relationships, since they were outside the scope of the acquisition. In addition, it was argued that some claims had become time barred and that the reconstruction of the facts by the adverse party regarding the restructuring agreement pursuant to Article 182-bis of the Bankruptcy Act was groundless, as were the claims regarding the interest applied. Nuova Banca delle Marche thus requested the authorisation to summon the third party REV Gestione Crediti S.p.A. (fully owned by the Bank of Italy) to the proceedings, as it is party to some of the disputed relationships.

The trial, which was suspended due to the bankruptcy of Eugenio Tombolini Spa and of some of the other claimants, was resumed. UBI Banca S.p.A. appeared in lieu of Nuova Banca delle Marche and Rev Gestione Crediti S.p.A. In June 2020 the Court ordered an accounting expert review, which is still ongoing. An adverse outcome to the proceedings is possible.

Engineering Service S.r.l.

In 2015, Engineering Service Srl brought a civil suit against the Ministry of Economic Development, BPER and UBI regarding the granting of public subsidies to businesses. The claimant accuses UBI (and BPER) of delays in managing the approval procedure and disbursements – delays that allegedly resulted in a liquidity crisis for the company and the consequent loss of the public contribution.

A claim for damages for approximately 28 million euro has been brought against UBI.

UBI's defence underscored that the bank was the leader of the temporary consortium formed by BPER and that the approval times depended on the latter. UBI then claimed indemnification from BPER. The trial is still in the preliminary phase. The risk of a negative outcome is deemed possible.

Fondazione Cassa Risp. di Pesaro

In 2018, Fondazione Cassa di Risparmio di Pesaro brought a compensation claim against UBI Banca (as the alleged successor-in-interest to Banca Marche S.p.A.) and PwC (the auditing firm that certified all the financial statements and the figures presented in the Prospectus) alleging that the defendants published data and information regarding the financial performance and position of Banca della Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the Prospectus, is claimed to have led the Foundation

to subscribe for the bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified at approximately 52 million euro.

During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by UBI, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche. The Court rejected all preliminary applications filed and adjourned the case to 8 June 2021 for the entry of conclusions.

Abba' Andrea + 207

This is a dispute pending before the Court of Milan, Business Section, initiated in 2019 by Mr. Abbà and 207 subordinated bondholders of Banca delle Marche. The claimants seek a declaration voiding the bonds and compensation for the damages suffered. The claim has been quantified at approximately 31 million euro.

The bank entered its appearance, objecting that it lacked capacity to be sued, arguing in particular that the bonds in question were outside the scope of the sale by the Old Bank to the Bridge Entity. UBI also argued that the claimant's claims had become time barred and that the adverse parties lacked capacity, since they were not the "first borrowers" and thus by law were not entitled to claim that the original bonds were inherently flawed. Finally, the lack of grounds to void the bonds and of evidence of the causal relationship between the bank's conduct at issue and the damages was underscored.

As the manager of the National Resolution Fund, the Bank of Italy intervened in the proceedings, upholding the arguments and conclusions formulated by UBI.

The trial is still in the initial phase, since the preliminary phase has yet to be held.

Terni Reti srl

Lawsuit initiated in July 2020 before the Court of Terni by Terni Reti Sud s.r.l., with share capital wholly held by the Municipality of Terni, seeking a declaration voiding the collar derivative contract entered into in August 2007 due to the alleged breach of the disclosure obligations applicable to the intermediary (former Banca delle Marche). The plaintiff also alleges a lack of abstract and concrete cause of the contract at issue, since the Bank purportedly did not share with the Company information regarding the mark-to-market and probabilistic scenarios relating to the derivative, but instead allegedly also suggested an inefficient derivative, in view of pursuit of hedging goals in relation to the underlying debt, with the consequent deviation from the 'concrete cause'.

The bank entered an appearance promptly, arguing on the merits that the plaintiff's claims were baseless since the bank had provided extensive information regarding the characteristics of the derivative in question, enabling the customer to make an informed choice of the product subscribed. The claims that the contract was allegedly ineffective were also challenged on the basis of the results of the technical expert report requested by UBI in conducting its defence.

The lawsuit is in the initial phase, since the first hearing was held on 15 December 2020.

Ac Costruzioni s.r.l.

Proceedings brought by AC Costruzioni S.r.l. (subsequently declared bankrupt) and Cava Aurelio (deceased during the trial) against Banca Carime S.p.A. seeking a declaratory judgment establishing contractual and/or extracontractual liability of the bank for the revocation of the credit facilities on 28/05/1998 and a judgment ordering the bank to provide compensation for the damages resulting from revocation, quantified at a total of around 33 million euro.

The adverse party's claims were rejected in full by both the Court of Cosenza and the Catanzaro Court of Appeal, which upheld the arguments made by the defendant. The judgment of the second instance was appealed by Cava's heirs and then by the receiver to AC Costruzioni by counter-appeal and cross-appeal. The proceedings before the Court of Cassation are still in the initial phase, since the hearing has yet to be scheduled.

Mariella Burani Fashion Group S.p.A. in liquidation and bankruptcy ("MBFG")

In January 2018 the receiver to Mariella Burani Fashion Group S.p.A. sued the former directors and statutory auditors of Mariella Burani Fashion Group S.p.A, its auditing firm and UBI Banca (as the company that absorbed Centrobanca), seeking a judgment ordering compensation for alleged damages suffered due to the many acts of mismanagement of the company while in good standing.

According to the claimant's arguments, Centrobanca, which was merged into UBI, continued to provide financial support to the parent company of the bankrupt company (Mariella Burani Holding S.p.A.), despite the signs of insolvency that began to show in September 2007, causing damages quantified at approximately 94 million euro.

On a preliminary level, the bank argued that the receiver lacked capacity to sue since the disputed loan had been disbursed to the parent company of Mariella Burani Fashion Group S.p.A.; moreover, the alleged damages for which the receiver claims compensation were argued to have been in fact sustained by the company's creditors (and not by the procedure).

As regards the merit of the claims, the bank stressed that it had acted properly and the borrower in good standing was solely liable since it bore exclusive responsibility for preparing the untrue financial statements, circulating the misinformation and continuing to operate the company in an alleged situation of insolvency.

Fondazione Cassa Risparmio di Jesi

In January 2016, Fondazione Cassa di Risparmio di Jesi brought a compensation claim against UBI Banca (as the alleged successor-in-interest to Banca Marche S.p.A.) and PwC (the auditing firm that certified all the financial statements and the figures presented in the Prospectus) alleging that the defendants published data and information regarding the financial performance and position of Banca della Marche S.p.A. that later proved to be totally incorrect and misleading. This information, contained in the financial statements as at 31 December 2010 and 30 June 2011 and included in the Prospectus, is claimed to have led the Foundation to subscribe for the bank's shares issued as part of the capital increase in March 2012. The value of these shares then fell to zero, resulting in a loss quantified at approximately 25 million euro.

During the trial the Bank of Italy joined the suit, upholding the lack of capacity to be sued invoked by UBI, by virtue of the provisions of Legislative Decree 180/2015 governing the resolution procedure for Banca delle Marche.

By judgment rendered on 18 March 2020, the Court of Ancona granted the objection of lack of capacity to be sued raised by the bank, rejecting the claims lodged. The appeal filed by the Foundation is currently pending before the Ancona Court of Appeal.

Melania Group S.p.A.

Proceedings brought by Melania Group and its guarantors in 2015 claiming unlawful suspension of credit and improper reporting to the Central Credit Register and seeking compensation for damages suffered quantified at 38 million euro. The claimants also sought the reversal of the interest accrued on the current accounts held by the company due to exceeding the "threshold rate". When entering its appearance, the

bank motioned the court to reject the claims formulated and lodged a counterclaim by virtue of the debt balances in the Melania Group's name. By judgment of December 2019, the Court of Ancona rejected the compensation claims formulated by the adverse party, granting the bank's counterclaim in a lesser amount than sought. The appeal initiated by UBI (which absorbed Banca Adriatica) is pending, with the first hearing scheduled for April 2021.

Isoldi Holding bankruptcy receiver

The receiver to Isoldi sued UBI (which absorbed Nuova Banca Etruria and Centrobanca) and five other banks in June 2020, claiming that they were liable, jointly and severally with the management body of Isoldi Holding, for a series of acts of diversion of assets that are claimed to have contributed to the company's artificial survival in the period June 2011 – June 2013. The scheme is claimed to have been implemented by preparing a turnaround plan pursuant to Article 67, para. 3, letter d), of the Bankruptcy Law based on unlawful acts and a connected agreement governing the disbursement of new finance, acts that are argued to have artificially deferred the company's crisis and concealed the irrevocability of its default. The total damages claimed amount to approximately 33.5 million euro.

UBI Banca entered its appearance, claiming that it lacked capacity to be sued with regard to the claims bearing on Banca Etruria, since the circumstances in question are excluded from the sale. REV Gestione Crediti (fully owned by the Bank of Italy) joined the proceedings.

Labour litigation

There were no significant cases of labour litigation from either a qualitative or quantitative standpoint as at 31 December 2020. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

Contingent assets

As for contingent assets, and the IMI/SIR dispute in particular, it should be recalled that following the final judgement establishing the criminal liability of the corrupt judge Metta (and his accomplices Rovelli, Acampora, Pacifico, and Previti), the defendants were ordered to pay compensation for damages, with the determination of those damages referred to the civil courts. Intesa Sanpaolo then brought a case before the Court of Rome to obtain an order of compensation for damages from those responsible.

In its ruling of May 2015, the Court of Rome quantified the financial and non-financial damages for Intesa Sanpaolo and ordered Acampora and Metta – the latter also jointly liable with the Prime Minister's Office (pursuant to Law no. 117/1988 on the accountability of the judiciary) – to pay Intesa Sanpaolo 173 million euro net of tax, plus legal interest accruing from 1 February 2015 to the date of final payment, plus legal expenses. The amount ordered took account of the amounts received in the meantime by the Bank as part of the settlements with the Rovelli family and with the counterparties Previti and Pacifico. In July 2016, the Rome Court of Appeal stayed the enforcement of the judgment of first instance with respect to the amount in excess of 130 million euro, in addition to ancillary charges and expenses, and adjourned the hearing of the final pleadings to June 2018. As a result of this decision, in December 2016 the Office of the President of the Council of Ministers credited Intesa Sanpaolo with the sum of 131,173,551.58 euro (corresponding to the 130 million euro of the order, in addition to legal interest and reimbursement of expenses). To avoid dispute, only the exact amount of the order, without applying the gross-up, was demanded and collected. On 16 April 2020, the ruling of the Court of Appeal of Rome was filed, which essentially upheld the Court's ruling, while reducing the amount of non-financial damages to 8 million euro (compared to 77 million euro that had been quantified by the court of first instance), and set the amount to be paid at 108 million euro, to be considered net of tax, plus legal interest and expenses.

In the second quarter of 2020 the bank filed a petition for the correction of a material error contained in the finding regarding the calculation of the damages liquidated; the Court of Appeal rejected the bank's petition by ruling filed on 7 December 2020. Intesa Sanpaolo will therefore file an appeal to the Court of Cassation against the decision of the Court of Appeal in regard to the quantification of the non-financial damage and the erroneous calculation of the financial damage, for which an application for correction was filed.

Tax litigation

At Group level, the total value of the claims for tax disputes (taxes, penalties and interest) was equal to 211 million euro as at 31 December 2020, which represents an increase compared to 175 million euro as at 31 December 2019.

The Group's tax litigation risks are covered by adequate provisions to the allowances for risks and charges (74 million euro in 2020 compared to 62 million in 2019).

As at 31 December 2020, the Parent Company had 687 pending litigation proceedings (612 as at 31 December 2019) for a total amount claimed (taxes, penalties and interest) of 139 million euro (111 million euro as at 31 December 2019), considering both administrative and judicial proceedings at various instances. In relation to these proceedings, the actual risks were quantified at 57 million euro as at 31 December 2020 (54 million euro as at 31 December 2019).

Compared to 31 December 2019, the main events that gave rise to significant movements for the Parent Company in 2020 consisted of:

- on the increase (approximately +42 million euro), the transfer to the Tax Litigation team of the Parent Company of a longstanding dispute in Brazil dating back to 1995, which until 2019 was taken care of by the Legal Litigation team of the Parent Company, amounting to 35 million euro (the dispute is related to the guarantees provided by ISP to Banca Santander in connection with the sale of the former subsidiary Banco Sudameris), and new disputes relating to the municipal property tax ("IMU") and registration tax for a total amount of 5.4 million euro, in addition to interest accrued on the existing disputes;
- on the decrease (approximately -13.8 million euro), the resolution of the Infogroup claim amounting to 7.3 million euro, the favourable resolution of disputes regarding substitute tax on loans, registration tax, property value increase tax ("INVIM") regarding a long-standing dispute over contributions of real estate assets made in 1997 by Carical to Carime, and municipal property tax ("IMU") for a total amount of 4.5 million euro and, finally, the resolution of the former Centro Leasing dispute involving the payment of registration tax on the leased property located in Rome at Via Tuscolana, amounting to approximately 2 million euro.

The main differences in the provisions booked by the Parent Company compared to 31 December 2019 related to:

- on the increase (approximately +13 million euro), tax disputes relating to the municipal property tax ("IMU"), discussed further below, the transfer of the aforementioned tax dispute in Brazil and the interest accrued on the pending disputes;
- on the decrease (approximately -10 million euro), the resolution of the Infogroup claim, involving the use of approximately 7.3 million euro for VAT and direct taxes (IRES and IRAP), the resolution of the aforementioned dispute known as "Immobiliare Tuscolana" amounting to approximately 2 million euro, and the resolution of the INVIM dispute relating to contributions of real estate assets by Carical, amounting to approximately 0.8 million euro.

During the year, 212 disputes were closed at the level of the Parent Company for a total of 13.8 million euro with a disbursement of around 9 million euro.

A the level of the Italian subsidiaries, tax disputes totalled 63 million euro as at 31 December 2020 (53 million euro as at 31 December 2019), covered by specific provisions amounting to 10 million euro (1 million euro in the 2019 financial statements). The figures presented also include the disputes in which UBI Banca and its subsidiaries are defendants. Compared to 31 December 2019, the main events that gave rise to significant movements of the total amount of both the claims (+10 million euro) and the provisions (+9 million euro) were as follows:

- inclusion of the UBI Group companies (total claims of 9.9 million euro and provisions of 2.7 million euro);
- with respect to Intesa Sanpaolo Provis, an increase of 0.6 million euro in the total claims and an increase of 1.5 million euro in the provision for numerous cases involving modest individual amounts. The change in the provision is due to the controversial issue of the liability for municipal property tax ("IMU") in respect of property lease contracts terminated without repossession of the assets, for which it was deemed appropriate to provision in full for the risk;
- with respect to Banca Fideuram, a prudential provision was recognised following the most recent unfavourable judgment of the Regional Tax Commission of Lazio No. 3417/16/20 filed on 11 November 2020 in respect of pending claims concerning the failure to withhold a withholding tax of 27% on the interest accrued in 2009, 2010 and 2011 on foreign bank accounts held at Fideuram Bank (Luxembourg) by two "historic" Luxembourg mutual funds (Fonditalia and Interfund SICAV), for which Banca Fideuram was only the placement bank and correspondent bank (total value of the disputes of 9.3 million euro).

Tax disputes involving foreign subsidiaries amounted to 9 million euro at year-end (11 million euro at the end of 2019), covered by provisions of 7 million euro (in line with 2019). The decrease in the claimed amount was mainly due to the disputes involving Intesa Sanpaolo Bank Albania, which were settled, and the reduction in the value of the lawsuits involving Intesa Sanpaolo Brasil S.A. and Alexbank due to the use of the exchange rate at year-end. The provisions from the previous year were confirmed.

There were no new disputes of significant amounts initiated during the year.

However, it should be emphasised that due to the extension of the terms of forfeiture and time bar, imposed by the various legislative measures pertaining to the COVID-19 pandemic, the notices of tax assessment, payment due, claims and penalties, expiring between from 9 March and 31 December 2020 and issued by the tax authorities by 31 December 2020, will be validly served on the taxpayers during the period from 1 January to 31 December 2021.

Parent Company

Disputes regarding registration tax, with a total remedy sought of 38 million euro, on the reclassification of business contribution and subsequent sale of the participations as sale of business and the consequent assessment of a higher business value

These are disputes concerning the recovery of registration tax paid on the contributions of business units and the subsequent sales of the participations, which were reclassified by the tax authorities as sales of business units, with the consequent assessment of a higher value for the business units. These disputes were not settled under the tax amnesty pursuant to Article 6 of the tax decree connected to the 2019 Budget Law (Decree-Law 119/2018), either because the Bank had already paid the full amount assessed and as a result of settlement would not have been entitled to the repayment of the sums in excess of the amount due for settlement, or because there were sound prospects of a favourable outcome to the trials pending before the Court of Cassation.

Those disputes also include the dispute (remedy sought of 8 million euro) pending before the Court of Cassation on petition of the Attorney General against the judgment of the second instance favourable to the

Bank, regarding the registration tax due further to the reclassification as a sale of a business unit of the overall transaction whereby Manzoni s.r.l. transferred a private equity business unit – that it had acquired through two different contributions of business units by Intesa Sanpaolo and the former IMI Investimenti – to Melville S.r.l., through a partial, non-proportional demerger. The Bank has appointed a major law firm to represent it at trial.

Dispute regarding the municipal property tax ("IMU") on real estate not repossessed following the termination of the related lease contracts

There is longstanding discussion regarding the identification of the taxpayer liable for the municipal property tax in relation to real estate assets owned by the leasing companies and leased out to third parties, where the lease was terminated early due to default by the lessee, or as a result of insolvency proceedings involving the lessee, but without the lessee having returned the asset to the lessor. Over the years a tax dispute arose on this matter (also affecting the former Mediocredito Italiano and Provis) relating to whether the lessee is (still) liable for the municipal property tax rather than (already) the leasing company in the period between the date of termination (or dissolution) of the lease and the date of physical return of the asset to the lessor. Until 2019, the position adopted by Intesa Sanpaolo – in line with that of all the other Italian leasing companies and the recommendations from ASSILEA (Italian association of leasing companies) – had been that over the period in question the lessee should continue to be liable for municipal property tax. In late 2019, the position of the Court of Cassation on the matter was still undefined, but in 2020 the Court of Cassation settled on the view that the leasing company was liable for municipal property tax from the date of legal termination of the contract, regardless of repossession of the asset. In addition, the 2020 Budget Law provided for the abolition of the single municipal tax (IUC), with regard to its components relating to IMU and TASI, and the unification of the two taxes into the new municipal property tax (IMU). On 18 March 2020, the Ministry of the Economy and Finance – Finance Department – Tax Legislation and Tax Federalism Unit, with circular no. 1/DF, commenting on the latter changes, provided precise indications regarding the liability for the new municipal property tax with regard to the date of termination of the lease agreement in accordance with the prevailing case law. Accordingly, starting from 2020, the bank decided to proceed with the payment of municipal property tax for all leased real estate assets with terminated contracts, regardless of repossession of the asset, seeking recovery from the former users, where possible. It was also decided to gradually withdraw from all pending disputes (over 300 for the Parent Company) on assessments relating to years up to 2019, following an attempt at settlement with the interested municipalities to quash the penalties and offset trial fees. The total remedy sought is 11 million euro, fully provisioned for.

Dispute regarding VAT on boat lease transactions

On 17 April 2019, the Milan Tax Police (Guardia di Finanza) initiated a general audit of the former Mediocredito Italiano (now merged into Intesa Sanpaolo), concerning tax years 2014 and 2015 for VAT purposes and tax years 2015 and 2017 for direct tax purposes. The audit was concluded on 13 October 2020.

With regard to tax year 2014, the Tax Police served a tax audit report on 31 July 2019, contesting: i) the VAT exemption applied, in accordance with Article 8-bis of Presidential Decree 633/72, by the company to the nautical leases, and ii) the VAT exemption established in Article 7-bis of Presidential Decree 633/72 for the buyback of a vessel. The total amount of claimed VAT amounted to 2.3 million euro (of which 1.7 million euro on the first charge and 0.6 million euro on the second). The Lombardy Regional Tax Office thus served a notice of assessment (with interest and penalties), against which an appeal was lodged. The hearing of the appeal, originally set by the Milan Provincial Tax Commission on 24 November 2020, was postponed until 24 March 2021. On this dispute, the bank made provisions with regard to the former claim, solely for the risk of tax and interest, and not also for the risk of penalties, whereas for the latter claim, the potential tax liability is believed to be borne contractually by the customer.

With regard to tax year 2015, the Tax Police served the tax audit report on 13 October 2020, contesting, as done for the previous year, the VAT exemption applied, in accordance with Article 8-bis of Presidential Decree 633/72, by the company to the nautical leases. The total amount of claimed VAT amounts to 0.9 million euro. The related notice of assessment has yet to be served. For this dispute as well, in the previous year the bank booked a provision corresponding to the portion of the dispute relating to the risk for tax and interest, as it did in 2014.

With regard to tax years 2015 and 2017, the audit was concluded without detecting any irregularities in the field of direct taxes.

***

With regard to the merged company Banca Nuova (formerly a member of the Banca Popolare di Vicenza Group), discussions are in progress with the Sicily Italian Revenue Agency for the settlement of the tax audit report relating to tax period 2015 served on Intesa Sanpaolo, as the surviving company, on 20 December 2019 and containing findings for a total of 1.6 million euro of greater taxable profit and IRES and IRAP taxes for a total of 0.46 million euro, in addition to penalties and interest. The dispute was notified to Banca Popolare di Vicenza (in compulsory administrative liquidation) - and to the Ministry of the Economy and Finance for their consideration and in view of the guarantees provided under Art. 2, paragraph c), of Ministerial Decree 187 of 25 June 2017, in accordance with Art. 4, paragraph 1, letter c), of Decree-Law 99 of 25 June 2017 - which has the obligation to indemnify ISP against any liability, pursuant to Article 11 of the agreement entered into on 26 June 2017, for the acquisition of assets, liabilities and legal relationships. After the audit is resolved in 2021, a formal indemnity request will be submitted for the amount definitively due to the tax authorities.

With regard to the disputes involving Intesa Sanpaolo and settled during the period, mention should be made of the favourable ruling by the Court of Cassation concerning the former Cassa di Risparmio di Piacenza e Vigevano regarding the registration tax due on the capital increase based on the incentives under the Amato Law and amounting to around 0.8 million euro. In addition, the Court of Cassation ruled against the notice of payment of registration tax of approximately 2 million euro issued against the merged company Centro Leasing in relation to the sale of a leased property in Rome, in Via Tuscolana. Finally, it is worth highlighting the dispute between the Provincial Tax Office of Florence and Engineering – Ingegneria Informatica S.p.A on the VAT treatment applied in 2014 by Infogroup Informatica e Servizi Telematici S.c.p.A.

With regard to the Intesa Sanpaolo branches located abroad, it should be noted that: i) a VAT audit on the London branch is in progress for the years 2016, 2017 and 2018; ii) three tax audits concerning direct taxes of the New York branch for the tax periods 2015, 2016 and 2017 are in progress; and iii) a fourth audit conducted by the IRS of the income tax return filed for tax period 2018 by the New York branch is in the early stages. Finally, the audit at the Frankfurt branch with regard to the following areas relating to the tax periods from 2016 to 2018 was concluded in November 2020: i) income taxes; ii) VAT; iii) withholding taxes; iv) tax losses carried forward; v) transfer pricing; and vi) German trade tax. The German tax authority presented a single finding relating to head office expenses, assessing greater tax of 1.2 million euro overall for all years, without levying any penalties. On the basis of the external advisor's opinion, the branch decided to settle the claim.

Group Companies

For Banca Fideuram, mention has been made above of the dispute concerning alleged failure to withhold the withholding tax due on interest accrued on foreign bank accounts held at Fideuram Bank (Luxembourg) by two "historic" Luxembourg mutual funds. In further detail, the second instance judgement in November 2020 was unfavourable to the bank, including with regard to 2011, as in the case of 2009 and 2010.

Accordingly, it was decided, after consultation with the consultant engaged to assist the bank in the cases pending before the Court of Cassation, to set up a provision for risks, including penalties and interest.

Intesa Sanpaolo Private Banking has long had pending IRES and IRAP disputes relating to the deduction (in 2011 and the following years) of the amortisation charge for the goodwill arising from the transfers of the private banking business lines of Intesa Sanpaolo and Cassa dei Risparmi di Forlì e della Romagna in 2009, Banca di Trento e Bolzano and Cassa di Risparmio di Firenze in 2010 and Cassa di Risparmio Pistoia e Lucchesia and Cassa di Risparmio dell'Umbria in 2013, realigned by the transferee in accordance with Article 15, paragraph 10, of Law Decree no. 185 of 29 November 2008.

With regard to the disputes, please note the following:

- year 2011: the favourable ruling no. 2763/2019, filed on 26 June 2019, by the Lombardy Regional Tax Commission, which rejected the main appeal by the Italian Revenue Agency against the ruling no. 7028/2017 by the Milan Provincial Tax Commission (total claim amount of 7.9 million euro, of which 3.8 million euro for taxes and 3.5 million euro for penalties). The court of second instance also upheld the company's cross-appeal on the preliminary matter of the lapse of the tax administration's power of assessment: the realignment of goodwill had been reported in the tax return for the 2010 tax year, and the notices were served in 2017, i.e. beyond the time limits laid down in Article 43 of Presidential Decree 600/73. The case is pending before the Court of Cassation on appeal by the Attorney General and a counterappeal has been prepared by the external advisor appointed by the bank;
- year 2012: unfavourable rulings no. 5172/2019 and 5173/2019 by the Lombardy Regional Tax Commission, which granted the appeals by the Italian Revenue Agency (total claim amount of 8 million euro, of which 3.9 million euro for taxes and 3.5 million euro for penalties). The appeal before the Court of Cassation has been entrusted by the bank to the same advisor;
- year 2013: the proceedings are pending before the Lombardy Regional Tax Commission on appeal by the Italian Revenue Agency (total claim amount of 10.2 million euro, of which 4.9 million euro for taxes and 4.4 million euro for penalties). The appeal was discussed in a public hearing on 20 October 2020. The judgment is pending;
- years 2014 and 2015: the Second Division of the Milan Provincial Tax Commission, by judgment no. 504/2/2020 of 7 February 2020, filed on 13 February 2020, granted the IRES and IRAP appeals for both years (joined proceedings). The tax claim amounts to 16.1 million euro (of which tax of 7.9 million euro and penalties of 7.2 million euro), plus interest. The appeal of the Italian Revenue Agency against the aforementioned judgment was served on 12 November 2020. The bank entered its appearance through the internal structures.

The total amount claimed against Intesa Sanpaolo Private Banking, including taxes, penalties and interest, amounts to 42.2 million euro. The risk of liability has been assessed as remote, because the legitimacy of the impairment of the goodwill arising ex novo in the hands of the transferee – also implemented at the time by other Group companies but not disputed in respect of any of them – has been expressly acknowledged by the Italian Revenue Agency in its Circular no. 8/E of 2010.

The tax disputes pending at 31 December 2020 involving UBI Banca S.p.A. and its subsidiaries as defendants primarily derive from the former "Good Banks" acquired in 2017. The total value of the disputes for the Group is 9.9 million euro (of which 6.5 million euro for UBI Banca) and the provisions amount to 2.7 million euro (of which 1.1 million euro for UBI Banca).

The tax claim against UBI Banca S.p.A. is largely attributable to two disputes originating from the former Banca delle Marche S.p.A. Due to operational decisions made by the bank in question at the time of the events, the payments made pending the trial were largely taken to the income statement (3.5 million euro), whereas just 418 thousand euro was recognised as assets subject to provisional collection, covered in full

by a provision for risks. The bank has engaged an external legal advisor to prepare an appeal before the Court of Cassation against the unfavourable judgment in the appeal proceedings.

Due to the foregoing, and considering also the definitive additional payments for UBI Banca pending the trial of 0.3 million euro and payables for disputes recognised of 0.2 million euro, the potential liability at 31 December 2020 on disputes involving UBI Banca S.p.A. and its subsidiaries as defendants amounts to 3.1 million euro (without considering provisional payments made by other co-obligors and any indemnification).

The following should be noted regarding the two most significant disputes, both attributable to the merged company Nuova Banca delle Marche S.p.A. (which in turn absorbed Medioleasing S.p.A.).

One dispute concerns the application of substitute tax pursuant to Presidential Decree 601/1973 in relation to a loan agreement by Banca delle Marche S.p.A. to Medioleasing of 400 million euro entered into on 27 December 2007 in the Republic of San Marino (value of the dispute of 2.2 million euro, in addition to interest). Both companies appealed the payment notices from the Italian Revenue Agency before the competent tax commissions with unfavourable outcomes in the first and second instances (Marche Regional Tax Commission no. 499/2020 and no. 500/2020 filed on 10 September 2020). The term for lodging an appeal before the Court of Cassation is pending. Pending the trial, Medioleasing paid 1.7 million euro, charged directly to the income statement, and the former Banca delle Marche paid approximately 0.4 million euro on a temporary basis, recognised as an asset and covered by provision.

The other dispute relates to VAT for the year 2005 (value of dispute of 1.6 million euro). On 2 December 2010, the Italian Revenue Agency – Ancona Provincial Office served Medioleasing with a notice of assessment demanding greater VAT of 0.7 million euro, in addition to interest, while also levying an administrative fine of 0.9 million euro. The claim was based on presumed reclassification of nautical leasing contracts (with an initial balloon payment) as purchases of the asset, in addition to property sale-and-lease-back transactions. The outcome was unfavourable to Medioleasing in the first and second instances: the latter lodged an appeal before the Court of Cassation in November 2013. The date of the hearing has yet to be scheduled. Meanwhile, the company made payment in full, directly recognized in the income statement.

Finally, Provis has municipal property tax ("IMU") and TASI claim procedures that are pending or about to commence with a total value of 1.9 million euro.

The following is an account of the developments relating to the foreign subsidiaries during the year. The three disputes (total remedy sought of 0.5 million euro) involving the subsidiary Intesa Sanpaolo Bank Albania as the absorbing company of Veneto Banka were settled. The outcome was unfavourable, but without adverse effects on the 2020 income statement, since the Albanian bank considered the payment of the full claimed amount made in 2019 to be definitive. Intesa Sanpaolo Bank Albania is also involved in two disputes (total amount 2.3 million euro) both pending before the Court of Cassation on appeal by the bank: i) the first concerning the write-off of loans that were no longer recoverable that, according to the tax authorities, led to an unjustified reduction in the taxable amount for direct tax for the years 2003 to 2007 (1.3 million euro); and ii) the second relating to errors made in the tax return for the 2011 tax year (1 million euro).

Intesa Sanpaolo Brasil S.A. - Banco Multiplo, was audited by Receita Federal do Brasil (RFB). The audit was followed by a notice of assessment for direct taxes for the years 2015 and 2016. This dispute concerns the improper use of carried forward tax losses, which could not be used, in the opinion of the Brazilian tax authorities, because they were generated before the reorganisation of Intesa Sanpaolo Brasil S.A. - Banco Multiplo, which would have modified the business activities carried out and the corporate structure. The RFB's claim amounts to 1.7 million euro, against which the company has not made any provision, considering the risk of losing the case as remote, also based on the assessment of the local consultant. The first instance yielded an unfavourable outcome for the Bank, which lodged an appeal on 14 December 2020.

The amount sought was reduced by approximately 0.6 million euro compared to 31 December 2019 due to the depreciation of the local currency.

Alexbank has two tax pending audits concerning corporate income tax, referring to tax period 2019, and stamp duty, referring to tax period 2019. At present no claims have been put forward. In addition, there is a pending dispute involving non-payment of stamp duty by the bank's branches for a total value of approximately 4.5 million euro at the exchange rate 31 December 2020 for tax periods 1984 – 2008 (86.8 million Egyptian pounds).

A dispute is pending involving the Ukrainian subsidiary Pravex Bank relating to the disavowal of tax losses of approximately 4 million euro carried forward in 2018 from previous years. The claim has no effects on the 2018 income statement, since the company did not recognise the deferred tax asset and has a tax situation that in any event does not allow this loss to be used. In 2019, an appeal was also lodged against another assessment by the local tax authorities regarding VAT with a value of approximately 20 thousand euro.

In March 2020, Exelia was subject to a VAT audit by the Romanian tax authority (ANAF) with regard to tax periods 2014 - 2019. This audit has been concluded and ANAF has determined that the services rendered by Exelia may be classified as services of a financial nature for VAT purposes and are thus exempt, resulting in the full non-deductibility of the VAT on purchases of goods and services. The revenue authority thus claimed non-payment of VAT for 369 thousand euro, in addition to penalties of 146 thousand euro, for the tax periods subject to audit. It should be clarified, with regard to the amount of the penalties, that the company, by paying the full amount of the taxes requested, obtained the full cancellation of the penalties, thus benefiting from an order of the government issued for cases of full payment of taxes due for previous years.

The following should be noted with regard to the ongoing assessments/inquiries by the local tax authorities.

In February 2020, PBZ CARD O.O.O. was subject to a tax audit by the Croatian tax authority with regard to profit tax relating to tax period 2018. The company still has yet to receive any formal findings. A tax audit is underway on IMI SEC for the years 2015 and 2016. In 2019 the audit was also extended to 2017. No claims have been made for the time being.

REGULATORY SECTION

Changes in regulatory framework

The Intesa Sanpaolo Group is subject to extensive regulation and supervision by the Bank of Italy, the Italian Securities and Exchange Commission ("**CONSOB**"), the European Central Bank (the "**ECB**") and the European System of Central Banks and is also subject to the authority of the Single Resolution Board ("**SRB**"). Certain entities within the Intesa Sanpaolo Group are also subject to supervision by the Italian Institute for the Supervision of Insurance and the Issuer is also subject to rules applicable to it as an issuer of shares listed on the Milan Stock Exchange. The banking laws to which the Intesa Sanpaolo Group is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of such institutions and limit their exposure to risk. In addition, the Intesa Sanpaolo Group must comply with financial services laws that govern its marketing and selling practices. New acts of legislation and regulations are being introduced in Italy and the European Union that may affect the Intesa Sanpaolo Group, including proposed regulatory initiatives that could significantly alter the Intesa Sanpaolo Group's capital requirements.

The rules applicable to banks and other entities in banking groups include implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the "**Basel Committee**").

In accordance with the regulatory frameworks described above and consistent with the regulatory framework being implemented at the European Union level, the Intesa Sanpaolo Group has in place specific procedures and internal policies to monitor, among other things, liquidity levels and capital adequacy, the prevention and detection of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. 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 Intesa Sanpaolo Group's results of operations, business and financial condition. In addition, 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.

The CRD IV Package

The Basel III framework began to be implemented in the EU from 1 January 2014 through 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**") 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 the CRD IV, the "**CRD IV Package**"), Delegated Regulation (EU) 2015/61 and its supplements and the Implementing Regulation (EU) 2016/313. The CRD IV Package has been subsequently updated by Regulation (EU) No. 2019/876 (CRR II) and Directive (EU) No. 2019/878 ("**CRD V**").

Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements have been largely fully effective by 2019 and some minor transitional provisions provide for phase-in until 2024). Further details on the implementation of the EU Banking Reform Package (as defined below) are provided in the paragraph "*Revisions to the CRD IV Package*" below.

In Italy the CRD IV has been implemented by Legislative Decree no. 72 of 12 May 2015 which impacts, *inter alia*, on:

(i) proposed acquirers of credit institutions' holdings, shareholders and members of the management body requirements (Articles 22, 23 and 91 CRD IV);

(ii) competent authorities' powers to intervene in cases of crisis management (Articles 102 and 104 CRD IV);

(iii) reporting of potential or actual breaches of national provisions (so called whistleblowing, Article 71 CRD IV); and

(iv) administrative penalties and measures (Articles 64 and 65 CRD IV).

Moreover, the Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 (the "Circular No. 285")) which came into force on 1 January 2014, and has been amended over time in order to implement, *inter alia*, the CRD IV Package and set out additional local prudential rules concerning matters not harmonised at EU level. Circular No. 285 has been constantly updated after its first issue, the last update being the 34th update published on 22 September 2020. The CRD IV Package has also been supplemented in Italy by technical standards and guidelines relating to the CRD IV and the CRR finalized by the European Supervisory Authorities (ESAs), mainly the EBA and ESMA, and delegated regulations of the European Commission and guidelines of the EBA.

According to Article 92 of the CRR, institutions are required at all times to satisfy the following own funds requirements: (i) a Common Equity Tier 1 ("**CET1**") capital ratio of 4.5%; (ii) a Tier 1 Capital ratio of 6%; and (iii) a Total Capital Ratio of 8%. According to Articles from 129 to 132 of CRD IV, these minimum ratios are complemented by the following capital buffers to be met with CET1 capital, reported below as applicable with reference to 31 December 2019:

- *Capital conservation buffer*: set at 2.5 per cent from 1 January 2019 (pursuant to Article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285, as amended in October 2016);

- *Counter-cyclical capital buffer* ("**CCyB**"): set by the relevant competent authority between 0% - 2.5% of credit risk exposures towards counterparties each of the home Member State, other Member States and third countries (but may be set higher than 2.5 % 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). The Bank of Italy has set, and decided to maintain, the CCyB (relating to exposures towards Italian counterparties) at 0% for the first quarter of 2021. On 26 March 2021, the Bank of Italy has decided to confirm such decision maintaining the CCyB (relating to exposures towards Italian counterparties) at 0% for the second quarter of 2021;

- *Capital buffers for globally systemically important banks* ("**G-SIBs**"): set as an "additional loss absorbency" buffer ranging from 1.0% to 3.5% determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global cross border activity and complexity); to be phased in from 1 January 2016 (pursuant to Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of globally systemically important institutions ("**G-SIIs**") published by the Financial Stability Board ("**FSB**") on 11 November 2020, neither the Issuer (nor any member of the Intesa Sanpaolo Group) is a G-SIB and therefore they do not need to comply with a G-SIB capital buffer requirement (or leverage ratio buffer); and

- *Capital buffers for other systemically important banks at a domestic level* ("**O-SIIs**"): (the category to which Intesa Sanpaolo currently belongs): up to 2.0% as set by the relevant competent authority (reviewed at least annually), to compensate for the higher risk that such banks represent to the financial system (pursuant to Article 131 of the CRD IV and Title II, Chapter 1, Section IV of Circular No. 285). Recently, the Bank of Italy identified Intesa Sanpaolo Group as an O-SII authorised to operate in Italy in 2020 and has imposed on the Intesa Sanpaolo Group

a capital buffer for O-SII of 0.75%, to be achieved according to a transitional period, as follows: 0.56% from 1 January 2020, 0.75% from 1 January 2021 and at 0.75% from 1 January 2022.

In addition to the above listed capital buffers, under Article 133 of the CRD IV each Member State may introduce a systemic risk buffer in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not covered by the CRD IV Package. The Italian authorities have not introduced such a measure to date.

Failure by an institution to comply with the buffer requirements described above (the "**Combined Buffer Requirement**") may trigger restrictions on distributions by reference to the so-called Maximum Distributable Amounts ("**MDA**") and the need for the bank to adopt a capital conservation plan and/or take remedial action (Articles 141 and 142 of the CRD IV).

As part of the CRD IV Package transitional arrangements, as implemented by Circular No. 285, regulatory capital recognition of outstanding instruments which qualified as Tier 1 and Tier 2 capital instruments under the framework which the CRD IV Package has replaced that no longer meet the minimum criteria under the CRD IV Package are gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 80% in 2014, with this cap decreasing by 10% in each subsequent year (see, in particular, Part Two, Chapter 14, Section 2 of Circular No. 285).

The CRD IV Package also introduced a Liquidity Coverage Ratio (the "**LCR**"). This is a stress liquidity measure based on modelled 30-day outflows. Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing the CRR with regard to liquidity coverage requirement for credit institutions (the "**LCR Delegated Act**") was adopted in October 2014 and published in the Official Journal of the European Union in January 2015. On 10 October 2018, amendments to the LCR Delegated Act were published in the Official Journal (Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018) and has applied as of April 2020. Most of these amendments are related to the entry into force of the new securitisation framework on 1 January 2019. The Net Stable Funding Ratio ("**NSFR**") is part of the Basel III framework and aims to promote resilience over a longer time horizon (1 year) by creating incentives for banks to fund their activities with more stable sources of funding on an on-going basis. The NSFR has been introduced as a requirement in the CRR II published in June 2019 and will apply from June 2021.

Revisions to the CRD IV Package

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks and investment firms (the "**EU Banking Reform Package**"). The EU Banking Reform Package amends many existing provisions set out in the CRD IV Package, the BRRD and the SRM Regulation (as such terms are defined below). These proposals were agreed by the European Parliament, the Council of the EU and the European Commission and were published in the Official Journal of the EU on 7 June 2019 entering into force 20 days after, even though most of the provisions will apply as of 2 years from the entry into force, i.e. after the 28 June 2021, allowing for a smooth implementation of the new provisions.

The EU Banking Reform Package includes:

(i) revisions to the standardised approach for counterparty credit risk;

(ii) changes to the market risk rules which include the introduction first of a reporting requirement pending the implementation in the EU of the latest changes to the FRTB (as defined below) published in January 2019 by the BCBS and then the application of own funds requirements as of 1 January 2023;

(iii) a binding leverage ratio (and related improved disclosure requirements) introduced as a backstop to risk-weighted capital requirements and set at 3% of an institution's Tier 1 capital;

(iv) a binding NSFR (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). This means that the amount of available stable funding will be calculated by multiplying an institution's liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The NSFR will be expressed as a percentage and set at a minimum level of 100%, indicating that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The NSFR will apply at a level of 100% at individual and a consolidated level starting from 28 June 2021, unless competent authorities waive the application of the NSFR on an individual basis as of two years after the date of entry into force of the EU Banking Reform Package;

(v) Changes to the large exposures limits, now calculated as the 25% of Tier 1; and

(vi) Improved own funds calculation adjustments for exposures to SMEs and infrastructure projects.

In particular, on 7 June 2019, the legal acts of the "EU Banking Reform Package" regarding the banking sector have been published on the EU Official Journal. Such measures include, together with the amendments to the BRRD and to SRMR, (i) CRR II amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and (ii) CRD V amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. The amendments proposed better align the current regulatory framework to international developments in order to promote consistency and comparability among jurisdictions.

Such measures entered into force on 27 June 2019, while a) the CRR II will be applicable from 28 June 2021, excluding some provisions with a different date of application (early or subsequent), b) the CRD V and BRRD 2 should have been implemented into national law by 28 December 2020 excluding some provisions which will be applicable subsequently. However, such directives have not been implemented in Italy to date.

Moreover, it is worth mentioning that the Basel Committee on Banking Supervision (**BCBS**) concluded the review process of the standardised models (for credit risk, counterparty risk, operational risk and market risk) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5% of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks. The new framework was finalised for market risk in 2016 and finally revised in January 2019. The new framework for credit risk and operational risk was completed in December 2017. Prior to becoming binding on the European banking system, the European Commission, which conducted a public consultation (closed on 3 January 2020) is assessing the potential impacts on the European economy. It is expected that the future legislative proposal (**CRR III**), which should incorporate these new standards into EU legislation, will be published in the first half of 2021. Once agreed on the final text between the various stakeholders involved in the legislative process (European Commission, European Parliament and Council of the EU) and once implemented in the Union, these regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements. The analysis carried out by the European Banking Authority (EBA), published in December 2019 upon request of the European Commission, shows that the adoption of the new Basel III criteria would require banks to increase minimum capital

requirements (**MCR**) by 23.6%, resulting in a current capital deficit of €124 billion. On 21 August 2020, the EBA was requested by the European Commission to update further its Basel III impact study and published the new impact analysis on 15 December 2020. The overall impact is presented under two implementation scenarios: the first one updates the impact presented in the previous Call for Advice (**CfA**) reports (the **Basel III** scenario); the second one (the **EU-specific** scenario) considers the additional features requested by the European Commission in its CfA, i.e. applying the SME supporting factors on top of the Basel SME preferential risk weight treatment; maintaining EU credit valuation adjustment (**CVA**) exemptions; exercising the jurisdictional discretion contemplated in the Basel III framework to exclude the bank-specific historical loss component from the calculation of the capital for operational risk (internal loss multiplier (**ILM**)=1). Under the Basel III scenario, the steady-state implementation of the overall reform scheduled for January 2028 could increase the minimum required capital (MRC) amount, which includes Pillar 2 requirements and EU-specific buffers, by +18.5% with respect to the December 2019 baseline. Under the EU-specific scenario, steady-state implementation of the final Basel III framework (*i.e.* 2028) could increase the MRC amount by +13.1% with respect to the December 2019 baseline.

On 4 May 2020, EBA published its final draft technical standards on specific reporting requirements for market risk, in accordance with the mandate set out in the provisions of the CRR II. Following such draft implementing technical standards, the Commission Implementing Regulation (EU) 2021/453 was published on 16 March 2021 on the Official Journal of the European Union.

In particular, such Commission Implementing Regulation (EU) 2021/453 introduced uniform reporting templates, the template related instructions, the frequency and the dates of the reporting, the definitions and the IT solutions for the specific reporting for market risk. These ITS introduce the first elements of the Fundamental Review of the Trading Book (FRTB) into the EU prudential framework by means of a reporting requirement. The Commission Implementing Regulation (EU) 2021/453 applies from 5 October 2021.

Revisions to the Basel III framework

In December 2017, the Basel Committee published of its final set of amendments to its Basel III framework (known informally as "**Basel IV**"). Basel IV is expected to introduce a range of measures, including:

(i) changes to the standardised approach for the calculation of credit risk;

(ii) limitations to the use of IRB approaches, mainly banks will be allowed to use the F-IRB approach and the SA, only for specialised lending the A-IRB will be still used;

(iii) a new framework for determining an institution's operational risk charge, which will be calculated only by using a new standardised approach;

(iv) an amended set of rules in relation to credit valuation adjustment; and

(v) an aggregate output capital floor that ensures that an institution's total risk weighted assets ("**RWA**") generated by IRB models are no lower than 72.5% of those generated by the standardised approach.

According to the Basel Committee, Basel IV has been introduced as a global standard originally from 1 January 2022 but the implementation has been postponed to 1 January 2023 due to the impact of COVID-19, with the output capital floor being phased-in (starting at 50% from 1 January 2022 and reaching 72.5% as of 1 January 2028). Furthermore, the Basel Committee postponed the suggested implementation date for the Fundamental Review of the Trading Book ("**FRTB**") to January 2023 to allow it to finalise the remaining elements of the framework and align the implementation date with the other Basel IV reforms.

Additional reforms to the banking and financial services sector

In addition to the substantial changes in capital and liquidity requirements introduced by Basel IV and the EU Banking Reform Package there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and have the potential to impact the Intesa Sanpaolo Group's business and operations. These initiatives include, amongst others, a revised EU securitisation framework. On 12 December 2017, the European Parliament adopted the Regulation (EU) 2017/2402 (the "**Securitisation Regulation**") which entered into force in January 2019, while a number of underlying regulatory and implementing technical standards delivered by the EBA and European Securities and Markets Authority are being adopted. The Securitisation Regulation introduced changes to the existing securitisation framework in relation to the nature of the risk retention obligation and due diligence requirements, the introduction of an adverse selection test for certain assets and a new framework for so-called "simple transparent and standardised securitisations" which will receive preferential capital treatment subject to a number of conditions. On 6 April 2021 were published in the Official Gazzette of the European Union the following regulations to help the recovery from the COVID-19 crisis in the securitization context: (i) the Regulation (EU) 2021/557 – entered into force on 9 April 2021 – which amended the Securitisation Regulation and it is aimed at addressing shortcomings in the regulatory framework for securitisation of non-performing exposures, providing a specific framework for balance-sheet synthetic securitisations and starting the development of a sustainable securitisation framework; and (ii) the Regulation (EU) 2021/558 – entered into force on 9 April 2021 – which amended the Regulation (EU) No 575/2013 (s.c. CRR) and introduced a dedicated prudential treatment of synthetic excess spread (s.c. "SES") in order to reduce the cost of the credit protection and the exposure at risk respectively of both investors and originators. Moreover, the Regulation (EU) 2021/558 addresses synthetic on-balance sheet securitisations (s.c. "STS BSS") which constitutes securitisation transactions where originating institution uses financial guarantees or credit derivatives to transfer to third parties credit risk of a specified pool of assets that it holds on its balance sheet and for which, in most cases, it was also the original lender.

On 9 November 2015, the Financial Stability Board ("**FSB**") published its final Total Loss-Absorbing Capacity ("**TLAC**") Principles and Term Sheet, proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to liabilities excluded from TLAC, such as guaranteed insured deposits, derivatives, etc. and which forms a new standard for G-SIBs. The TLAC Principles and Term Sheet contains a set of principles on loss absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The TLAC Principles and Term Sheet require a minimum TLAC requirement for each G-SIB at the greater of (a) 16% of RWA (as of 1 January 2019) and 18% of RWA (as of 1 January 2022), and (b) 6% of the Basel III Tier 1 leverage ratio requirement (as of 1 January 2019), and 6.75 % (as of 1 January 2022). Liabilities that are eligible for TLAC include capital instruments and instruments that are contractually, statutorily or structurally subordinated to certain "excluded liabilities" (including insured deposits and liabilities that cannot be effectively written down or converted into equity by relevant authorities) in a manner that does not give rise to a material risk of compensation claims or successful legal challenges.

With a view to ensuring full implementation of the TLAC standard in the EU, the EU Banking Reform Package and the BRRD II introduce minimum requirements for own funds and eligible liabilities ("**MREL**") applicable to G-SIIs (global systematically important institutions) with the TLAC standard and to allow resolution authorities, on the basis of bank-specific assessments, to require that G- SIIs comply with a supplementary MREL requirement strictly linked to the resolvability analysis of a given G-SII. Neither the Issuer nor any member of the Intesa Sanpaolo Group has been identified as a G-SIB in the 2019 list of global systematically important banks published by the FSB on 11 November 2020.

The BRRD II includes important changes as it introduces a new category of banks, the so-called top-tier banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose

total assets exceed €100 billion. ISP is a top-tier bank for this purpose. At the same time, the BRRD II introduces a minimum harmonised MREL requirement (also referred to as a "**Pillar 1 MREL requirement**") which applies to G-SIIs and also top-tier banks. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs and top-tier banks comply with a supplementary MREL requirement (a "**Pillar 2 MREL requirement**"). A subordination requirement is also generally required for MREL eligible liabilities under BRRD II, but exceptions apply.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD II provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL requirements, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, under certain circumstances, BRRD II envisages a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments senior management of the bank and employees take effect due to a breach of the combined capital buffer requirement.

On 15 April 2021, the Commission Implementing Regulation (EU) 2021/622 was published on the Official Gazzette of the European Union and introduced uniform reporting templates, instructions and methodology for the identification and transmission, by resolution authorities to EBA, of information on minimum requirements for own funds and eligible liabilities (s.c. MREL). Such implementing Regulation entered into force on 5 May 2021.

On 12 March 2018, the Commission published a proposal for a directive on covered bonds (the On 12 March 2018, the Commission published a proposal for a directive on covered bonds (the "**CB Directive Proposal**") laying down the conditions that these bonds have to respect in order to be recognised under EU law and a proposal for amendments to art. 129 of the CRR, concerning the prudential treatment of covered bonds. The CB Directive Proposal together with amendments to art 129 of the CRR have been approved and published in the Official Journal on 18 December 2019. Member States have a 18 months period to implement the directive and the transposed law or regulation will apply from 12 months from the entry into force.

ECB Single Supervisory Mechanism

On 15 October 2013, the Council of the European Union adopted Council Regulation (EU) No. 1024/2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**") for the establishment of a single supervisory mechanism (the "**Single Supervisory Mechanism**" or "**SSM**"). The SSM Regulation provides the ECB, in conjunction with the national competent authorities of the Eurozone and participating Member States, with direct supervisory responsibility over "banks of significant importance" in those Member States. "Banks of significant importance" include any Eurozone bank in relation to which (i) the total value of its assets exceeds €30 billion or – unless the total value of its assets is below €5 billion – the ratio of its total assets over the national gross domestic product exceeds 20%; (ii) is one of the three most significant credit institutions established in a Member State; (iii) has requested, or is a recipient of, direct assistance from the European Financial Stability Facility or the European Stability Mechanism and/or (iv) is considered by the ECB to be of significant relevance where it has established banking subsidiaries in more than one participating Member State and its cross-border assets/liabilities represent a significant part of its total assets/liabilities. Intesa Sanpaolo S.p.A. and the Intesa Sanpaolo Group have been classified, respectively, as a significant supervised entity and a significant supervised group pursuant to the SSM Regulation and Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014 (the "**SSM Framework Regulation**") and, as such, are subject to direct prudential supervision by the ECB.

The relevant national competent authorities continue to be responsible, in respect of Intesa Sanpaolo and its subsidiaries, for supervisory functions not conferred on the ECB, such as consumer protection, money laundering, payment services, and supervision over branches of third country banks. The ECB is exclusively responsible for the prudential supervision of Intesa Sanpaolo Group, which includes, *inter alia*,

the power to: (i) authorise and withdraw authorisation; (ii) assess acquisition and disposal of holdings; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements to protect financial stability under the conditions provided by EU law; (v) ensure compliance with robust corporate governance practices and internal capital adequacy assessment controls and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB may exercise options and discretions under the SSM and SSM Framework Regulation in relation to the Intesa Sanpaolo Group.

The Intesa Sanpaolo Group is subject to the provisions of the EU Bank Recovery and Resolution Directive

On 2 July 2014, 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 "**BRRD**") entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an institution that is failing or likely to fail 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 considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only) and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims into shares or other instruments of ownership (i.e. 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**"). Such shares or other instruments of ownership could also be subject to any exercise of such powers by a resolution authority under the BRRD.

Resolution authorities have the power to amend or alter the maturity of certain debt instruments issued by an institution under resolution, amend the amount of interest payable under such instruments, the date on which the interest becomes payable (including by suspending payment for a temporary period) and to restrict the termination rights of holders of such instruments. The BRRD also provides for a Member State, after having assessed and exhausted the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. Resolution authorities may provide public equity support to an institution and/or take the institution into public ownership. Such measures must be taken in accordance with the EU state aid framework and will require a contribution to loss absorption from shareholders and creditors via write-down, conversion or otherwise, in an amount equal to at least 8 % of total liabilities (including own funds).

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

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 Eurozone, the national resolution funds set up under the BRRD were replaced by the Single Resolution Fund in the relevant Member State (the "**SRF**" or the "**Fund**"), set up under the control of the SRB, 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. The SRF is expected to reach a target of around €60 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the Eurozone). Once this target level is reached, in principle, institutions will have to contribute only if the resources of the SRF are used up in order to deal with resolution action taken by the relevant authorities. 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 Banking Law (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 16 November, 2015, save that: (i) the bail-in tool applied from 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 SME's applied from 1 January 2019.

It is important to note that, pursuant to Article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the bail-in powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledge, lien or collateral against which it is secured. The BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of Notes of a particular Series may be subject to write-down/conversion upon an application of the general bail-in tool while other Series of 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 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 receive a treatment which is more favourable than that received by holders of the 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. This is due to the fact that 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.

Certain categories of liability are subject to the mandatory exclusions from bail-in foreseen in Article 44(2)(g) of the BRRD. For instance, most forms of liability for taxes, social security contributions or to employees benefit from privilege under Italian law and as such are preferred to ordinary senior unsecured creditors in the context of liquidation proceedings. 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 the BRRD have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors. 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 resolution as well as compulsory liquidation procedures 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 SMEs will benefit from a preference in respect of senior unsecured

liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. On 25 October 2017 the European Parliament, the Council and the European Commission agreed on elements of the review of the BRRD. As part of this process Article 108 of the was amended by Directive (EU) 2017/2399. Member States were 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 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 12-bis 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 Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of the Notes will have expressly waived any rights of set-off, counterclaim, abatement or other similar remedy which they might otherwise have, under the laws of any jurisdiction, in respect of such Notes, it is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply.

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. As indicated above, holders of the Notes may be subject to write-down/conversion into shares or other instruments of ownership on any application of the general bail-in tool.

The BRRD also established that institutions shall meet, at all times, their MREL requirement. Under Article 45 of the BRRD, MREL is to be calculated as the amount of own funds and eligible liabilities expressed as a percentage of total liabilities and own funds of the institution.

Revisions to the BRRD framework

The EU Banking Reform Package includes Directive (EU) 2019/879, which provides for a number of significant revisions to the BRRD (known as BRRD II"). BRRD II provides that Member States are required to ensure implementation into local law by 28 December 2020 with certain requirements relating to the implementation of the TLAC standard applying from January 2022 while the transitional period for full compliance with MREL requirements is foreseen until 1 January 2024, with interim targets for a linear build-up of MREL set at 1 January 2022. However, BRRD II has not been implemented in Italy to date. The EU Banking Reform Package includes, amongst other things:

(i) full implementation of the FSB's TLAC standard in the EU and revisions to the existing MREL regime. Additional changes to the MREL framework include changes to the calculation methodology for MREL, criteria for the eligible liabilities which can be considered as MREL, the introduction of internal MREL and additional reporting and disclosure requirements on institutions;

(ii) introduction of a new category of "top-tier" banks, being banks which are resolution entities that are not G-SIIs but are part of a resolution group whose total assets exceed €100 billion;

(iii) the introduction of a new moratorium power for resolution authorities and requirements on the contractual stays in resolution; and

(iv) amendments to the article 55 regime in respect of the contractual recognition of bail-in.

Changes to the BRRD under BRRD II will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

Intesa Sanpaolo Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism

On 19 August 2014, the Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism (the "**SRM Regulation**") entered into force. The SRM Regulation became operational on 1 January 2016. There are, however, certain provisions including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities, which entered into force on 1 January 2015. The SRM Regulation was subsequently updated with the EU Banking Reform Package in June 2019. The SRM Regulation, which complements the SSM (as defined above), applies to all banks supervised by the SSM. It will mainly consist of the SRB and the SRF.

The Single Resolution Mechanism framework ensures that, instead of national resolution authorities, there will be a single authority – i.e. the SRB – which takes all relevant decisions for the resolution of banks being supervised by the SSM and part of the Eurozone. In line with the changes to BRRD II described above, revisions to the provisions of the SRM Regulation (in relation to MREL) are due to change in due course.

Regulatory and supervisory framework on non-performing exposures

Among the measures adopted at European level in order to reduce non-performing exposures within adequate levels, worth mentioning the followings:

Guidance to banks on non-performing loans published by ECB on 20 March 2017 and Addendum to the Guidance to banks on non-performing loans published by ECB on 15 March 2018: the NPL guidance contains recommendations and lays out the bank's approach, processes and objectives regarding the effective management of the exposures. The guidance addresses all non-performing exposures ("**NPEs**"), as well as foreclosed assets, and also touches on performing exposures with an elevated risk of turning non-performing, such as "watch-list" exposures and performing forborne exposures. According to the guidance, the banks need to establish a strategy to optimize their management of NPLs based on a self-assessment of the internal capabilities to effectively manage; the external conditions and operating environment; and the impaired portfolios specifications.

On 15 March 2018, the ECB published the Addendum to the Guidance on NPL which sets out supervisory expectations for the provisioning of exposures reclassified from performing to nonperforming exposures (NPEs) after 1 April 2018 (the ECB Addendum). In addition, the ECB's bank-specific supervisory expectations for the provisioning of the stock of NPLs (before 31 March 2018), was set out in its 2018 supervisory review and evaluation process (SREP) letters and the ECB will discuss any divergences from these prudential provisioning expectations with institutions as part of future SREP exercises.

On 22 August 2019, the ECB has decided to revise its supervisory expectations for prudential provisioning of new non-performing exposures. The decision was made after taking into account the adoption of Regulation (EU) 2019/630 amending the CRR (Regulation (EU) No 575/2013) as regards minimum loss coverage for non-performing exposures was published in the Official Journal of the EU on 25 April 2019, known as the "Pillar 1 backstop Regulation", that introduce Pillar 1 provisioning requirements, following principles similar to those already guiding the finalisation of the ECB Addendum.

The initiatives that originate from the ECB are strictly supervisory (Pillar II) in nature. In contrast, the European Commission's requirement is legally binding (Pillar I). Therefore the above mentioned guidelines result in three "buckets" of NPEs based on the date of the exposure's origination and the date of NPE's classification:

- Loans classified as NPEs before 31 March 2018 (Pillar II - Stock): 2/7 years vintage buckets for unsecured/secured NPEs, subject to supervisory coverage recommendations and phase-in paths as communicated in SREP letters;

- Loans originated on or after 26 April 2019 (Pillar I – CRR Flows) and then classified as NPEs: 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%. NPEs guaranteed or insured by an official export credit agency are subject to a special treatment, i.e. coverage expectation of 100% is applicable to export credit exposures after more than 7 years of NPE status.

Action plans to (i) address the problem of non-performing loans in the European banking sector published by the European Council on 11 July 2017: the action plan outlines an approach based on a mix of four policy actions: the bank supervision; the reform of insolvency and debt recovery frameworks; the development of secondary markets for NPLs; promotion of the banking industry restructuring and (ii) prevent a future build-up of non-performing loans across the European Union, as a result of the COVID-19 crisis published by the European Commission on 16 December 2020: the action plan outlines an approach based on a mix of actions with four main goals: further developing secondary markets for distressed assets; reform the EU's corporate insolvency and debt recovery legislation; support the establishment and cooperation of national asset management companies; and precautionary public support measures to ensure the continued funding of the real economy.

Guidelines on management of non-performing and forborne exposures published by EBA on 31 October 2018: the Guidelines aim to ensure that credit institutions have adequate tools and frameworks in place to manage effectively their non-performing exposures (NPEs) and to substantially reduce the presence of NPEs in the financial statements. Only for significant credit institutions with a gross NPL ratio above 5%, EBA asked to introduce specific strategies, in order to achieve a reduction of NPEs, and governance and operational requirements to support them.

Guidelines on disclosure of non-performing and forborne exposures published by EBA on 17 December 2018: in force since 31 December 2019, the Guidelines set enhanced disclosure requirements and uniform disclosure formats applicable to credit institutions' public disclosure of information regarding nonperforming exposures, forborne exposures and foreclosed assets.

Regulation (EU) 2019/630 amending CRR as regards minimum loss coverage for non-performing exposures: the Regulation establishes, in the context of Pillar I, the prudential treatment of the non-performing exposures where loans were originated prior to 26 April 2019, requiring a deduction from own funds where NPEs are not sufficiently covered by provisions or other adjustments. The Regulation purpose is to encourage a timely and proactive management of the NPEs. Loans are divided in vintage buckets of 3/7/9 years and a progressive coverage path is applied for each bucket. A 100% coverage is applicable to: (i) unsecured exposures from the third year after the classification as NPE, (ii) exposures secured by immovable collateral and residential loans guaranteed by an eligible protection provider as defined in CRR, from the ninth year after the classification as NPE; and (iii) secured exposures, from the seventh year after the classification as NPE.

Opinion on the regulatory treatment of non-performing exposure securitisations published by EBA on 23 October 2019: the Opinion recommends to adapt the CRR and the Regulation (EU) 2017/2401 (Securitisation Regulation) to the particular characteristics of NPEs by removing certain constraints imposed by the regulatory framework on credit institutions using securitisation technology to dispose of NPE holdings. In preparing its proposal to the Commission, the EBA outlines the fact that the securitisations can be used to enhance the overall market capacity to absorb NPEs at a faster pace and larger rate than otherwise possible through bilateral sales only, as a consequence of securitisations' structure in tranches of notes with various risk profiles and returns, which may attract a more diverse investor pool with a different Risk Appetite. The European Commission tabled a legislative proposal on 24 July 2020, on the basis of the EBA Opinion and the BCBS draft technical amendment for the capital treatment of the securitisation of NPEs. The BCBS published its final technical amendment on 26 November 2020 and Regulation (EU) 2021/558 – entered into force on 9 April 2021 – which introduced

a specific treatment for the securitisation of NPEs in relation to, *inter alia*, the calculation of the risk weight for a position in a NPE securitisation..

Measures to counter the impact of the "COVID-19" virus

In recent months, European and national authorities have undertaken several measures to support the banking and financial market to counter the economic effects of COVID-19.

On 10 March 2020, through an addendum to the 2019 credit agreement between ABI and the Business Associations, the possibility of requesting suspension or extension was extended to loans granted until 31 January 2020. The moratorium refers to loans to micro, small and medium-sized companies affected by COVID-19 outbreak. The capital portion of loan repayment instalments may be requested to be suspended for up to one year. The suspension is applicable to medium/long-term loans (mortgages), including those concluded through the issue of agricultural loans, and to property or business assets leasing transactions. In the latter case, the suspension concerns the implicit capital instalments of the leasing. On 21 April 2020, through an agreement entered into with the consumer associations, the moratorium was extended to credit to households, including the suspension of the principal portion of mortgage-backed loans and unsecured loans repayable in instalments. On 30 December 2020, the Italian Budget Law (Law No. 178 of 2020) extended the moratorium to 30 June 2021.

On 11 March 2020, ESMA, considering the spread of COVID-19 and its impact on the EU financial markets, issued 4 recommendations on the following areas: (1) business continuity planning, (2) market disclosure, (3) financial reporting and (4) fund management.

1. Business Continuity Planning: ESMA has recommended all financial market participants to be ready to apply their contingency plans to ensure operational continuity in line with regulatory obligations.

2. Market disclosure: issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation in accordance with their transparency obligations under the Regulation (EU) No. 596/2014 (MAR), as a disclosure obligation contained in Article 17, paragraph 1 of the MAR, pursuant to which issuers are required to disclose to the public without delay any inside information directly concerning them.

3. Financial reporting: ESMA has recommended issuers to provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, financial situation and economic performance in their 2019 year-end financial report if these have not yet been finalised or otherwise in their interim financial reporting disclosures.

4. Fund Management: ESMA has encouraged fund managers to continue to apply the requirements on risk management and to react accordingly.

The European Central Bank (ECB), at its monetary policy meeting held on 12 March 2020, decided to adopt a comprehensive set of monetary policy measures, consisting of three key elements: first, safeguarding liquidity conditions in the banking system through a series of favourably-priced longer-term refinancing operations (LTROs); second, protecting the continued flow of credit to the real economy through a fundamental recalibration of targeted longer-term refinancing operations (TLTROs); and, third, preventing financing conditions for the economy tightening in a pro-cyclical way via an increase in the asset purchase programme (APP).

As regards LTROs these will be carried out through a fixed rate tender procedure with full allotment. They will be priced very attractively, with an interest rate that is equal to the average rate on the deposit

facility of ECB. These new LTROs will provide liquidity on favourable terms to bridge the period until the TLTRO III operation in June 2020.

As regards TLTRO, the Governing Council decided to apply considerably more favourable terms during the period from June 2020 to June 2021 to all TLTRO III operations outstanding during that time. Throughout this period, the interest rate on these TLTRO III operations will be 25 basis points below the average rate applied in the Eurosystem's main refinancing operations.

Lastly, the Governing Council also decided to add a temporary envelope of additional net asset purchases of €120 billion until the end of the year, ensuring a strong contribution from the private sector purchase programmes.

On 12 March 2020, the ECB Banking Supervision published the first supervisory response to provide banks with a temporary capital and operational relief. According to the ECB statements: i) banks are allowed to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G), the capital conservation buffer (CCB) and the liquidity coverage ratio (LCR) to release resources for financing households and undertakings; ii) the ECB encourages also national macroprudential authorities to relax the countercyclical capital buffer (CCyB); iii) banks are allowed to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital to meet the Pillar 2 Requirements (P2R), for example Additional Tier 1 (AT1) or Tier 2 instruments; iv) banks will discuss with the ECB further individual measures, such as modified timetables, processes and deadlines (e.g. for on-site inspections or remedial actions); v) flexibility will be granted for the application of the ECB Guidance to banks on non-performing loans to adjust to bank's specific situation due to COVID-19.

Among the various measures adopted by the Italian government to address the epidemiological emergency due to COVID-19 outbreak, on 17 March 2020 Law Decree No. 18 (Cura Italia Decree) has been adopted. The Cura Italia Decree has introduced special measures derogating from the ordinary proceeding of the Guarantee Fund for SMEs in order to simplify the requirements for access to the guarantee and strengthen the intervention of the Guarantee Fund for SMEs itself, as well as the possibility of transforming the DTA relating to losses that can be carried forward, but not yet deducted and to the amount of the ACE notional return exceeding the total net income, to the extent of 20% of the impaired loans sold by 31 December 2020.

On 20 March 2020, the ECB announced additional measures (in addition to those already undertaken on 12 March 2020 on temporary capital and operational relief for banks) to ensure that its directly supervised banks can continue to fulfil their role to fund households and corporations amid the COVID-19-related economic shock to the global economy. The ECB published also a detailed FAQ on the measures adopted with the aim of updating it as needed. In particular, the ECB recommended to:

- give banks further flexibility in prudential treatment of loans backed by public guarantees, by extending to them the preferential treatment foreseen in its Guidance for NPLs for loans guaranteed or insured;

- encourage banks to avoid excessive procyclical effects when applying the IFRS 9 international accounting standard;

- activate capital and operational relief measures announced on 12 March 2020.

On 25 March 2020, the EBA and ESMA published detailed statements to address IFRS 9 accounting issues due to the COVID-19 outbreak and linked to the exceptional measures taken by banks and governments to address the situation, which affected compliance with the EBA Guidelines on the definition of default (DoD) and forbearance/past-due classifications of loans.

The EBA statement of 25 March 2020 explained the functioning of the prudential framework in relation to the exposures in default, the identification of forborne exposures and impaired exposures in accordance with IFRS 9. In particular, EBA has clarified some additional aspects of the operation of the prudential framework concerning:

- the classification of exposures in default;
- the identification of forborne exposures;
- the accounting treatment of the aforesaid exposures.

Specifically, the EBA repeated the concept of flexibility in the application of the prudential framework, clarifying that an exposure should not be automatically reclassified as (i) exposure in default, (ii) forborne exposure, or (iii) impaired exposure under International Financial Reporting Standard - IFRS9, in case of adoption of credit tolerance measures (such as debt moratorium) by national governments.

The ESMA statement of 25 March 2020 provided guidance on the application of IFRS 9 (Financial Instruments) addressed to issuers and auditors with regard to the calculation of expected losses and related disclosure requirements, in particular, as regards the suspension (or deferral) of payments established for credit agreements (e.g. moratorium on debt) that impact the calculation of Expected Credit Loss (ECL) under the principles set forth in IFRS 9. On 20 May 2020, ESMA published a Public Statement addressing the implications of the COVID-19 pandemic on the half-yearly financial reports of listed issuers (the "**Public Statement**"). The Public Statement provided recommendations on areas of focus identified by ESMA and highlighted: i) the importance of providing relevant and reliable information, which may require issuers to make use of the time allowed by national law to publish half-yearly financial reports while not unduly delaying the timing of publication; ii) the importance of updating the information included in the latest annual accounts to adequately inform stakeholders of the impacts of COVID-19, in particular in relation to significant uncertainties and risks, going concern, impairment of non-financial assets and presentation in the statement of profit or loss; and iii) the need for entity-specific information on the past and expected future impact of COVID-19 on the strategic orientation and targets, operations, performance of issuers as well as any mitigating actions put in place to address the effects of the pandemic. The Public Statement was conceived to be applicable also to financial statements in other interim periods when IAS 34 Interim Financial Reporting is applied. It called on the management, administrative and supervisory bodies, including audit committees, of issuers and, where applicable, their auditors, to take due consideration of the recommendations included within the statement.

On 27 March 2020, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (GHOS), has deferred Basel III implementation to increase operational capacity of banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the COVID-19 on the global banking system.

The measures endorsed by the GHOS comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- the implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028.
- the implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.
- the implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

On 27 March 2020, the European Central Bank published a recommendation addressed to significant banks to refrain from paying dividends and from share buy-backs aimed at remunerating shareholders for the duration of the economic shock related to COVID-19. The ECB has decided to extend the recommendation on dividends until 1 January 2021 with the New recommendation BCE/2020/35 that repeals Recommendation ECB 2020/19 of 27 March 2020. On 15 December 2020 the ECB issued a new Recommendation (Recommendation BCE/2020/62) repealing the Recommendation ECB/2020/35 in which (i) recommends that until 30 September 2021 significant credit institutions exercise extreme prudence when deciding on or paying out dividends or performing share buy-backs aimed at remunerating shareholders and (ii) expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-20 and not higher than 20 basis points of the Common Equity Tier 1 (CET1) ratio, whichever is lower.

On 1 April 2020 the ECB provided banks with further clarifications on the use of forecasts for the Expected Credit Loss (ECL) calculations under IFRS 9, after having invited banks to opt, if not done before, for applying the IFRS 9 five-year transitional arrangements included in the CRR to mitigate the First Time Application (FTA) capital impact of the new accounting principle.

On 2 April 2020, the EBA published more detailed guidance on the criteria to be fulfilled by legislative and non-legislative moratoria applied before 30 June 2020. The Guidelines acknowledged that Member States have implemented a broad range of support measures in order to minimise the medium- and long-term economic impacts of the efforts taken to contain the COVID-19 pandemic. In light of this, the EBA Guidelines clarify several aspects of payment moratoria, such as that they do not automatically trigger the classification as forborne or distressed restructuring if the measures taken are based on the applicable national law or on an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions. In June 2020, the EBA further extended the application date of its Guidelines by three months, from until 30 September 2020, and on the 21 September, communicated its phasing-out. However, on 2 December 2020 the Guidelines were reactivated until 31 March 2021. In continuity with the Cura Italia Decree, Law Decree no. 23 of 8 April 2020 (Liquidity Decree) was issued, a further measure deemed necessary to support Italian entrepreneurship. The Liquidity Decree, in addition to providing an additional guarantee managed by SACE Simest (SACE), a company of the Cassa Depositi e Prestiti group, aims to further strengthen the Guarantee Fund for SMEs, by redrawing its rules for accessing, by including also companies with no more than 499 employees and professionals, as well as increasing the guarantee coverage percentages already provided by Article 49 of the Cura Italia Decree (provision that is repealed). In the wake of the latter provision, the Liquidity Decree makes further exceptions to the ordinary rules of the Guarantee Fund for SMEs, which will be applicable until 30 June 2021.

On 28 April 2020, the European Commission published a legislative proposal for amending the CRR to ease banking activity during the COVID-19 emergency and ensure the flow of loans to households and businesses.

The Commission has proposed exceptional temporary measures to mitigate the immediate impact of COVID-19-related developments, which imply:

- a revision of transitional arrangements for the application of IFRS 9, adopted in the CRR II to mitigate its impact on banks' capital;

- a preferential treatment for NPLs secured by public guarantees issued as a measure to address the COVID-19 crisis, for the purpose of the application of the prudential provisioning in line with the Regulation (EC) 630/2109;

- the postponement of the date of application of the additional reserve requirement for the leverage ratio of systemic banks ("G-SIB buffer");

- a change in the way of excluding certain exposures from the calculation of the leverage ratio, as of June 2021.

The Commission also proposed to advance by one year (as of 28 June 2020) the date of application of certain measures agreed in CRR II, i.e. the SMEs (Art. 501) and Infrastructure supporting factors (art.501a), as well as the preferential treatment of loans backed by pensions or salaries (Art. 123)

The so-called "CRR quick fix" Regulation (EU) 2020/873 was definitely adopted on 24 June 2020 and published on the Official Journal of the EU on 26 June 2020 and entered into force the day after. During the interinstitutional negotiation process additional measures were introduced by the co-legislators (i.e. the European Parliament and the Council of the EU), such as the reintroduction of the prudential filter for unrealised gain/losses from sovereign exposures valued at FVOCI; the exclusion of overshootings from the calculation of the back-testing; credit risk and large exposure transitional treatment of euro-denominated public debt issued by non-euro Member States.

On 24 July 2020 the European Commission also adopted a Capital Markets Recovery Package regarding the Securitisation Framework, MIFID II and the Prospectus Regulation. The underlying rationale of these proposals is to help financial markets support Europe's economic recovery from the COVID-19 crisis. In this context, on 26 February 2021 the Directive (EU) 2021/338 amending, *inter alia*, MIFID II as regards information requirements, product governance and position limits and the Regulation (EU) 2021/337 amending, *inter alia*, the Prospectus Regulation as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries were published in the *Official Journal of the European Union*, while the measures in order to amend the Securitisation Framework have not been made to date.

In particular, the Directive (EU) 2021/338 include amendments to (i) remove some administrative burdens on firms relating to provision of information to clients, especially professional clients and eligible counterparties; and (ii) relax product governance requirements for certain bonds, on the basis that these products can be considered suitable for all types of clients, including retail clients. In addition, such directive includes amendments to the MiFID II energy markets regime. The Member States shall adopt and publish by 28 November 2021 the laws, regulations and administrative provisions necessary to comply with such directive, which shall apply from 28 February 2022.

Moreover, the Regulation (EU) 2021/337 includes, *inter alia*, amendments in order to facilitate investments in the real economy, allow for a rapid recapitalisation of companies in the Union and enable issuers to tap into public markets at an early stage in the recovery process. In particular, it introduced (i) a new type of prospectus ("EU Recovery prospectus") for secondary issuances of shares by issuers that have had shares admitted to trading on a regulated market or traded on an SME growth market continuously for at least 18 months if the new shares are fungible with existing shares which have been previously issued; (ii) further exemptions from the obligation to publish a prospectus and certain derogation with respect to the regime applicable in case of a supplement to the prospectus. The provisions included in such Regulation are applicable for a limited period: from 18 March 2021 to 31 December 2022.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and/or CREST currently in effect. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer nor the Agent nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Notes. Global Notes will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the relevant Manager. Transfers of interests in such Global Notes will be made in accordance with the normal operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system. Each Global Note deposited with a common depositary or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code. Transfers of any interests in Notes represented by a Global Registered Note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CREST Depository Interests

Following their delivery into Euroclear and/or Clearstream, Luxembourg, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the **CREST Nominee**) in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the common depositary or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities distinct from the Notes, constituted under English law and may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the corresponding CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Section 3 (Crest International Manual) of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll in the form contained in Section 3 of the CREST Manual executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

(i) CDI Holders will not be the legal owners of the Underlying Notes or have a direct beneficial interest in the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.

(ii) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.

(iii) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

(iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll.

CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

(v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository as issuer of the CDIs.

(vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from the CREST website from time to time (at the date of this Base Prospectus, being at www.euroclear.com/site/public/EUI).

(vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

(viii) Potential investors should note that none of the Issuer, the relevant Manager nor the Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

(ix) Potential investors should note that Notes represented upon issue by a Temporary Global Note exchangeable for a Permanent Global Note will not be immediately eligible for CREST settlement as CDIs. In such case, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued in registered form or, if issued in bearer form, will be represented upon issue by a Permanent Global Note.

TAXATION

General Taxation Information

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the Securities.

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

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

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

1. LUXEMBOURG

The statements herein regarding tax considerations in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in law.

The following information is of a general nature, is not intended to be, nor should it be construed to be, legal or tax advice, and does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the debt securities. Prospective investors in the debt securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject as a result of the purchase, ownership and disposition of the debt securities.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of similar nature refers to Luxembourg tax law and/or concepts only.

Withholding tax

Non-Resident holders of debt securities

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

Resident holders of debt securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon settlement, repurchase or exchange of

Securities held by Luxembourg resident holders of Securities.

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

Taxation of Corporate Holders

Luxembourg corporate holders

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

A corporate holder of debt securities who is a resident of Luxembourg for tax purposes, or who has a permanent establishment or a fixed place of business in Luxembourg to which the debt securities are attributable, is subject to Luxembourg corporation taxes in respect of the interest received or accrued on the debt securities as well as on any redemption premium received or issue discount realized.

Gains realized by a corporate holder of debt securities who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg to which the debt securities are attributable, on the sale or disposal of their debt securities, are subject to Luxembourg corporation taxes.

Non-resident corporate holders not having a permanent establishment or a fixed place of business in Luxembourg

Gains realized by a non-resident corporate holder of debt securities who does not have a permanent establishment or a fixed place of business in Luxembourg to which the Securities are attributable, on the sale or disposal of their debt securities, are not subject to Luxembourg income tax.

Wealth tax

Under present Luxembourg tax laws, a holder of debt securities who is a resident of Luxembourg for tax purposes, or a non-resident holder of debt securities who has a permanent establishment or a fixed place of business in Luxembourg to which the debt securities are attributable, has to take into account the debt securities for purposes of the Luxembourg wealth tax, with the exception of certain holders falling within the laws on family estate management companies dated May 11, 2007, on regulated investment funds dated December 17, 2010, on specialized investment funds dated February 13, 2007, on securitization companies dated March 22, 2004, as amended, and on reserved alternative investment funds dated July 23, 2016.

Taxation of Individual Holders

Resident individuals

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

An individual holder of debt securities managing their private wealth, who is a resident of Luxembourg for tax purposes, is subject to income tax at progressive rates in respect of interest received, redemption

premium received or issue discount realized on the debt securities, except where (i) such interest has been subject to withholding tax under the law of December 23, 2005, as amended, or (ii) the individual holder of the Securities has opted for the application of a 20% tax in full discharge of income tax in accordance with the law of December 23, 2005, as amended, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State).

Under Luxembourg tax laws, a gain realized by an individual holder of debt securities managing their private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal of the debt securities is not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the debt securities. An individual holder of debt securities, managing their private wealth and who is a resident of Luxembourg for tax purposes, has to further include the portion of their gain corresponding to accrued but unpaid interest income in respect of the debt securities in their taxable income, except where such interest has been subject to withholding tax under the law of December 23, 2005, as amended.

Gains realized upon the sale or disposal of the debt securities by an individual holder of their debt securities, managing a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg to which the debt securities are attributable, are subject to Luxembourg income tax. There is no wealth tax for individuals.

An individual holder of debt securities managing a professional or business undertaking must include this interest in their taxable basis. If applicable, the tax levied in accordance with the law of December 23, 2005, as amended, will be credited against their final tax liability.

Non-resident individuals

A non-resident holder of debt securities, not having a permanent establishment or permanent representative in Luxembourg to which/whom such debt securities are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premium received or issue discount realized on the notes or gains realized on the sale or disposal of the debt securities.

Indirect Taxes

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

Inheritance and gift taxes

Under present Luxembourg tax laws, in the case where a holder of debt securities is a resident for tax purposes of Luxembourg at the time of his death, the Securities are included in his taxable estate for inheritance tax purposes and gift tax may be due on a gift or donation of notes if a deed is registered in Luxembourg.

No stamp duty

A fixed or ad valorem registration duty may be due upon the registration of a document linked to the debt securities in Luxembourg in the case where such document is physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of such document on a voluntary basis.

2. REPUBLIC OF ITALY

The statements herein regarding taxation are based on the laws in force in Italy as of 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 general discussion 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.

Italian Taxation

Legislative Decree No. 239 of 1 April 1996 (**Decree 239**), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes issued, *inter alia*, by Italian banks, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principle, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments, as set out by Article 2, paragraph 22, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013, and by Article 9 of Law Decree No. 34 of 30 April 2019, as converted with amendments by Law No. 58 of 28 June 2019.

In any case, it can not be excluded that Italian Tax Authorities consider the Notes issued as Atypical Securities, which have the specific tax regime hereinafter described.

Italian resident Noteholders

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless the individual has opted for the application of the "*risparmio gestito*" regimes – see "*Capital Gains Tax*" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes are subject to a tax withheld at source, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. If the Noteholders described under (i) or (iii) 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 to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the imposta sostitutiva, on interest, premium and other income relating to the Notes, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law. Pursuant to Article 1, paragraphs 219-225 of Law no. 178 of 30 December 2020 ("**Law No. 178**"), it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 of 26 October 2019 ("**Law Decree No. 124**") may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that

certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and in certain circumstances, depending on the "*status*" of the Noteholder (i.e. banks or insurance companies) also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 or a SICAF, to which the provisions of Decree 351, as subsequently amended, apply ("**Real Estate SICAF**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, or open-ended investment company (*società di investimento a capitale variabile* – SICAV) or an close-ended investment company, other than a real estate investment company (*società di investimento a capital fisso* – SICAF) established in Italy or either (i) the fund, SICAF/SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent 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 Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income 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, premium and other income relating to 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 individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law, or, for long-term individual savings accounts (*piani individuali di risparmio a lungo termine)* established as of 1 January 2020, the requirements set forth in Article 13-bis of Decree No. 124 as converted with amendments into law by Law No. 159 of 19 December 2019, as amended from time to time.

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 Economy and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) 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 entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, the *imposta sostitutiva* is not applied provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows a satisfactory exchange of information with Italy as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended according to Article 11, par. 4, let. c) of Decree no. 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (the **White List**); or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent, or at the reduced rate provided for by the applicable double tax treaty, to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in 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 (ii) 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*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or 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, as subsequently amended.

Failure of a non-Italian resident Noteholders to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments. Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

Atypical Securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), shares (*azioni)* or securities similar to shares (*titoli similari alle azioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay , at maturity, an amount not lower than their nominal value with of without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or the business in connection to which the securities were issued, nor to control the same.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes not falling within the category of bons (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law. Pursuant to Article 1, paragraphs 219-225 of Law No. 178, it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

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, (c) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution and trusts, such withholding tax applies as a provisional withholding tax. In all other cases the withholding tax is levied as a final withholding tax.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian resident Noteholders, subject to proper compliance with relevant subjective and procedural requirements.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of taxable income (and, in certain circumstances, depending on the "*status*" of the Noteholder, also as part of the net value of production for IRAP purposes), if realised by an Italian company or 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 and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected 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 capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law or, for long-term individual savings accounts (*piani individuali di risparmio a lungo termine)* established as of 1 January 2020, the requirements set forth in Article 13-bis of Decree No. 124 as converted with amendments into law by Law No. 159 of 19 December 2019, as amended from time to time.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

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 26 per cent *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 Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding 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 26 per cent *imposta sostitutiva* on such gains together with any balance of 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.

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 is responsible for accounting for *imposta sostitutiva* (26 per cent) in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

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 and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the a withholding tax of 26 per cent in the hands of the unit/shareholders.

Under the current regime provided by Decree 351, as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 or to a Real Estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or of a Real Estate SICAF.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the 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 the 20 per cent. substitute tax. Subject to certain contitions (including minimum holding period requirement) and limitations, capital gains relating to 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 individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Note is connected, from the sale or redemption of Notes traded on regulated markets are not subject to *imposta sostitutiva*.

Capital gains realised by non-Italian-resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes and not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (i) is resident for income tax purposes in a State incuded in the White List; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer, not listed in regulated markets, are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

(ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

(iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1,500.000.

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of voluntary registration, explicit reference (*enunciazione*) or case of use (*caso d'uso*).

Stamp duty

Pursuant to Article 13 par. 2/ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, as amended by Article 1 par. 581 of Law No. 147 of 27 December 2013 ("**Decree 642**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. The stamp duty applies at the rate of 0.20 per cent. and it cannot exceed € 14,000 for taxpayers which are not individuals. This stamp duty is determined on the market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments. Based on the interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable pro-rata.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the relevant regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals, non-commercial institutions and non-commercial partnerships and assimilated entities pursuant to Article 5 of Presidential Decree no. 917 of 22 December 1986 resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) and (18-bis) of Decree No. 201 of 6 December 2011, Italian resident individuals, Italian non commercial entities, Italian non-commercial partnerships and assimilated entities pursuant to Article 5 of Presidential Decree no. 917 of 22 December 1986 holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. (**IVAFE**). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth

tax due).

3. IRELAND

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

Irish Withholding Tax

Irish withholding tax applies to certain payments including payments of:

(a) Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);

(b) Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and

(c) Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Notes, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Notes.

Separately, for as long as the Notes are quoted on a stock exchange, a purchaser of the Notes should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Notes.

Irish Encashment Tax

Irish encashment tax will be required to be withheld at a rate of 25 per cent. from interest or other distribution on any Notes where such interest or other distribution is collected or realised by a paying agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest or distribution is (i) not resident in Ireland and has made a declaration to this effect in the prescribed form to the paying agent or (ii) a company which is within the charge to Irish corporation tax in respect of the interest.

4. SLOVAK REPUBLIC

General

The information set out below describes certain material Slovak tax consequences for the holders of the debt securities who are individuals residing for tax purposes in the Slovak Republic or corporate entities having their registered office or place of actual management in the Slovak Republic or Slovak permanent establishments of foreign entities and individuals, to which the income from Notes is allocated (the ***Slovak Holders****); a 'place of actual management' is defined as a 'place where management decisions and business decisions of the board of directors or the supervisory board are made, even in cases where the address of such place is not registered with the relevant commercial register'.*

The information in this section is based on the laws of the Slovak Republic as of the date of this Base Prospectus, except otherwise stated below. The statements are subject to any future changes in law, which changes could be made on a retroactive basis. The statements do not provide 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. Some categories of investors may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.

Residents

Individuals, who are residents in Slovakia, are subject to unlimited income tax liability on their world-wide income (i.e. income from domestic and foreign sources). An individual is resident in Slovakia if he/she has his/her domicile (a registered permanent stay), residence or habitual place of abode (a physical presence for more than 183 days in a calendar year) in Slovakia. Residence shall mean (in the context of the double-taxation treaties) the possibility of accommodation, which is permanently available to physical person, other than occasional accommodation for the purposes of business travels, tourism, recreation, etc., while an intention of physical person to permanently reside in the state with respect to his/her personal and economic ties is obvious.

Corporations having their registered office and/or their place of effective management in the territory of Slovakia are subject to corporate income tax in Slovakia on their world-wide income (i.e. income from domestic and foreign sources).

Non-residents (both individuals and corporations) are subject to income tax only on income from the sources in Slovakia. Both in case of residents and non-residents Slovak's right to tax may be restricted by a relevant double taxation treaty.

Slovak income tax

A Slovak Holder is considered as a taxpayer with an unlimited taxation duty under Slovak tax law. Generally, corporate Slovak Holders are subject to a flat 21 per cent income tax rate if the income of the legal entity for the taxation period exceeds 100,000 EUR or 15%, if the income of the legal entity for the taxation period does not exceed 100,000 EUR (effective for taxable periods commencing on or after 1 January 2020. Income of individual Slovak Holders not exceeding 37,163.36 EUR is subject to a 19 per cent income tax rate. Income above this threshold is subject to a 25 per cent income tax rate.

Capital income of individuals received till 31 December 2015 was included into the general tax base. As of 1 January 2016 taxation of income from capital is included in the separate tax base, with a tax rate of 19 %. This concerns also income from capital realised on redemption of the Notes.

Capital gain from sale of the Notes is handled differently from interest, i.e. it is included into general tax base. In such case the tax base shall be equal to the taxable income less any expenses, which may be

documented as having been incurred in order to generate the income. Expenses that can be deducted are the purchase price proven to be paid for the Notes, or when there is no purchase (e.g. donation, inheritance), then the price for the Notes determined at the time when the Notes were acquired, and the expenses related to the acquisition or purchase of the Notes. The income from derivative operations is taxed as capital gains. Expenses, which could be deducted from the income of derivative operations are all charges and another similar payment (fees) related to the realization of derivative operations and other expenses related to settlement of these derivative operations.

The capital gains from the sale of the notes are exempt from Slovak personal income tax, if the aggregate of the tax base considered as the "other income" (i.e. debentures, shares, bills of exchange etc.) does not exceed the flat amount of EUR 500. This limit for exemption cumulatively applies also to e.g. rental income, income from the transfer of options, income from the transfer of an interest in a company etc. If the above mentioned limit is exceeded, only the excess amount is included in the tax base.

Further, the income from sale of the Notes accepted for trading on a regulated market or a similar foreign regulated market for at least one year shall be exempt from tax and that after one year from their acquisition, if the period between their admission to a regulated market or to a similar foreign regulated market and their sale exceeds one year. Such income from sale of the Notes is not exempt from tax if the Notes were included into business assets of the taxpayer.

From the tax shall be exempt also the income from sale of Notes, options and income from derivative transactions derived from long-term investment savings after fulfillment of conditions set (determined) in the special act including income paid after 15 years from the beginning of long-term investment savings. Such income from sale is not exempt from tax if such Notes, options and income from the derivative transactions were included into business assets of the taxpayer.

A loss from sale of Notes shall not be offset against gains from sale of Notes in the same fiscal period - only the expenses up to the amount of income shall be considered upon the calculation of the tax base.
Under the specific conditions stated below, the full loss incurred may be considered as a tax deductible expense, these are:

(i) bonds, the selling price of which is not lower by more than the interest accrued on the bonds and included in the tax base prior to the date of sale or the date of maturity of the bond; and

(ii) for taxable persons who engage in trading with securities pursuant to special legislation, and which may deduct the expense of the acquisition of the securities up to the amount posted as their cost.

Interest and capital gains from debt securities realised by a corporate Slovak Holder are taxable in the same way as the regular income of the corporate Slovak Holder. The revenue is to be included in a general tax base (or, if applicable, a partial tax base) of that corporate Slovak Holder for Slovak income tax purposes. Generally, no Slovak withholding tax shall apply to revenues from debt securities having their source in Slovakia (paid by Slovak tax resident or from foreign entity having permanent establishment in Slovakia). In the Slovak tax legislation there are two exceptions applicable. The withholding tax shall be imposed for the interest and capital gain flown to the corporate Slovak Holder which is not established for entrepreneurial purposes (e.g. non-profit organisations) or to the National Bank of Slovakia (*Národná banka Slovenska*). Further, the withholding tax shall be applicable for the interest (excluding the income from the government bonds and treasury bills and bills of exchange) which flown to the individuals. Withholding tax rate is set at 19 per cent. A 35 per cent withholding tax rate shall apply where the payment is made to a resident of non-contracting states (i.e. states with which the Slovak Republic concluded neither Double Taxation Avoidance Treaty nor Agreement on exchanging of information for tax purposes). Withholding tax shall not apply to respective interest and capital gains received by a Slovak Holder, from foreign sources.

In accordance with the Double Taxation Avoidance Treaty concluded between Italy and Slovak Republic, any interest income which originates in one contracting state (Italy) to tax resident of other contracting state (Slovak Republic) shall be taxed only in this other contracting state (Slovak Republic), if this person is the final beneficiary of income.

The above-mentioned provisions shall not apply if the beneficiary who has seat or place of residence in one contracting state (Slovak Republic), performs business activities by means of permanent establishment in other contracting state (Italy) and income is directly attributable to this permanent establishment. In such case the income shall be subject to tax only in the state of permanent establishment (Italy) in accordance with the local legislation.

Health insurance contributions

As a consequence of the extension of the base for calculation of health insurance contributions, revenues from the Notes held by an individual Slovak Holder who is mandatorily insured in the Slovak public health insurance scheme should be subject to health insurance contribution unless these are subject to withholding tax (income subject to withholding tax in Slovak Republic is excluded from calculation base for health insurance contributions). However, due to repeated recent amendments to the withholding tax and health insurance contributions regimes, each Slovak Holder must evaluate obligations in this area which may arise under the relevant legislation, including transitional provisions.

5. SLOVENIA

The following is a general description of certain Slovenian tax considerations relating to the Notes, based on the Issuer's understanding of the current law and its practice in Slovenia. It does not purport to be a complete analysis of all relevant tax considerations. Furthermore, it only relates to the position of investors who are beneficial owners of the Notes and the interest and may not apply to certain classes of investors. Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

1. Taxation of individuals

Residents and non-residents

In accordance with the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2)*, an individual is deemed to be a resident of Slovenia if his registered permanent address, habitual place or the centre of his personal and economic interests is in Slovenia. In addition, any person who has been present in Slovenia in a tax year for more than 183 days in the aggregate is deemed to be a resident in the tax year. Resident individuals are subject to income tax on their worldwide income. In general, all income, profits and gains are taxable, unless specifically exempt by law.

In accordance with the Personal Income Tax Act, non-residents are subject to tax on income derived from a source in Slovenia.

Withholding tax is generally levied at a rate of 15 per cent. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty, with the holder applying for a refund with the Slovenian tax authorities providing proof of eligibility. If withholding tax is paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the

tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief (Article 137 of the Personal Income Tax Act).

Taxation of capital gains

Under the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), capital gains from the sale or other disposition of debt securities and other financial derivatives held as non-business assets are in general exempt from taxation.

According to the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov*; ZDDOIFI) the tax base is established on the basis of the difference between the acquisition value of the financial derivative and their market value upon disposal, whereby the tax rate for capital gains depends on the holding period. Capital gains made at alienation of financial derivatives (as defined in the Article 7 of the Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov; ZTFI-1*) and debt securities (except for coupon debt securities and discount debt securities) by a resident individual are taxed at the rate of 40 per cent (when alienated in the first 12 months of holding) and 27,5 per cent (in the following 4 years of holding). The tax rate is further reduced by 7,5 percentage points for the next 5 years of holding, so that the rate of 20 per cent applies after 5th year of holding, and further by 5 percentage points for each following 5 years of holding so that 15% and 10 per cent tax rate applies after the 10th and 15th year of holding, respectively. After the 20th year of holding 0 per cent tax rate applies.

Capital gains are not aggregated with other income, but are reported on separate tax returns. Tax returns for the previous year must be filed by Slovenian tax residents (individuals) until 28th February of the current year. Non-residents are required to file a tax return within 15 days after disposing of their financial derivatives, unless they file a return for all transactions related to securities or other interests in any capital executed in the previous year. In such cases, non-residents may file their tax returns for the previous year by 28 February of the current year.

Taxation of interest

Under the Slovenian tax laws currently in effect, the payment of interest on the debt securities (as defined in the Article 81 of the Slovenian Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*) in accordance with their terms and conditions to a resident individual (within the meaning of the relevant provisions of ZDoh-2) will generally be subject to tax at a flat rate of 27.5 per cent (levied by way of withholding or by way of assessment), provided that these qualify as non-business assets. Income from a disposal or repurchase by the issuer of discounted debt securities (including non-coupon debt securities) shall also be considered as interest income (in accordance with the Article 88 of ZDoh-2). Tax return must be filed by Slovenian tax residents (individuals) for the previous year by 28 February of the current year.

Pursuant to the Article 54 of ZDoh-2 interest on securities issued in series held by a resident individual as business assets will generally qualify as non-business income, in which case it would be subject to the flat rate of 27.5% as described above, instead of the progressive tax rate of up to 50 per cent, which generally applies to business income.

Interest are not aggregated with other income, but are reported on separate tax returns.

Taxation of dividends

Dividends and other profit distributions are taxed by way of a 27,5 per cent final withholding tax (Article 132 of Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*). Dividends are not aggregated with other

income, but are reported on separate tax returns. When a taxable person receives dividends directly from abroad, such person is required to file tax return for the previous year by 28 February of the current year.

Inheritance and gift taxation

Individuals and private law entities (within the meaning of the Article 3 of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila; ZDDD*) are subject to Slovenian inheritance and gift tax in case of a transfer of the securities *mortis causa* or *inter vivos*. The tax rates are progressive and depend on the value of the assets transferred and on the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand (i.e. double progression). Heirs/donees from the first hereditary order are exempt from gift tax or inheritance tax.

An exemption may apply in certain cases, such as to transfers between direct descendants and between spouses, as well as to a transfer of movable property the total value of which does not exceed EUR 5,000 (Article 2 of Inheritance and Gift Tax Act).

Withholding tax

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and other incomes if such taxable income is paid by local tax payer. In other cases, tax return must be filed by individual upon receipt of such income.

EU Savings Directive

EU Savings Directive has been incorporated in sub-chapter 10 of chapter I of part five of Slovenian Tax Procedure Act (*Zakon o davčnem postopku; ZDavP-2*) and has come into force on 1st July 2005. However, since then the Directive (EU) 2015/2060 repealing the EU Savings Directive has come into force and those provisions have been stricken and the directive has also been implemented in chapter II of part four of Slovenian Tax Procedure Act.

For further information please refer to the paragraph below, headed *EU Savings Directive*.

No gross-up for taxes withheld

Purchasers of the Notes should note that according to the Terms and Conditions neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Notes, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

EU Financial Transaction Tax

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Notes.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Notes. In accordance with value added tax rules, transactions concerning financial instruments are tax exempt and interest on notes, which do not represent payment for a transaction, are not subject to taxation. Currently, net assets tax is not levied in Slovenia.

2. Taxation of corporations

Under the Slovenian tax laws currently in effect, the payment of interest on the securities in accordance with their terms and conditions within the meaning of the relevant provisions of the Slovenian Corporate Income Tax Act (Zakon o davku od dohodkov pravnih oseb; ZDDPO - 2), received by (i) a legal person resident for tax purposes in the Republic of Slovenia; or by (ii) a permanent establishment (poslovna enota) in the Republic of Slovenia of a legal person not resident for tax purposes in the Republic of Slovenia, is considered as a part of the overall taxable income. The Corporate Income Tax is levied on the net profits, defined according to the profit and loss account, as stipulated by the law and the Accounting Standards. The general corporate income tax rate is 19 per cent. since 1 January 2017.

Taxation of dividends

Dividends and income similar to dividends (with the exception of certain hidden reserves) are, pursuant to article 24 of the Slovenian Corporate Income Tax Act, exempt from the tax base of a corporate shareholder, if the payer of dividends is:

- liable for corporate income tax in accordance with the Slovenian Corporate Income Tax Act; or

- for taxation purposes, a resident of an EU Member State in accordance with the law of that Member State, and is in accordance with a double taxation treaty concluded with a non-EU Member State not considered to reside outside of the EU, and is additionally liable for one of the taxes for which a common system of taxation is applicable to parent companies and affiliates from different EU Member States, as determined by the Slovenian Minister of Finance, where a company which is exempt from corporate income tax or that has the option of choosing its taxation is not considered to be liable for payment of corporate income tax; or

- liable for the payment of corporate income or profit tax comparable to Slovenian corporate income tax and is not resident of a state (or has a permanent establishment not located in a state) where the general or average nominal tax rate for the taxation of profit is lower than 12.5% and where this state is on the list published by the Slovenian Ministry of Finance and the Slovenian Tax Administration; whereby, this rule shall not apply to a payer who is resident of another EU Member State, in accordance with the previous paragraph.

The above rules are applicable to non-resident recipients of dividends if their interest in the capital or in the management of the company paying the dividends is connected with business activities performed through an establishment in Slovenia.

The above-described exemption from the tax base of a corporate holder of the notes is applicable under the condition that the current or past taxation period's revenues have been included in the corporate holder's tax base, on the basis of such income.

In accordance with article 70 of the Slovenian Corporate Income Tax Act, the payer must, at the time of dividend payment, withhold and pay withholding tax at the rate of 15%, unless the recipient is: the Republic of Slovenia or a self-governing local community in Slovenia; the Bank of Slovenia; a resident who notifies the payer of their tax number, or a non-resident liable for the payment of corporate income tax deriving from their activities in or through a permanent establishment in the Republic of Slovenia who notifies the payer of their tax number, if the dividends are payable to such permanent establishment.

In accordance with article 70 of the Slovenian Corporate Income Tax Act, the tax shall not be calculated, withdrawn and paid if the dividends are payable to:

- a resident of an EU or an EEA Member State who is liable to pay income taxes in a foreign state (except

for income paid to the permanent establishment of a non-resident in Slovenia), if such entity cannot claim the withholding tax in the state of its residence (as with, for example, the exemption of dividends from the tax base) and the transaction is not considered to represent tax avoidance; or

- foreign pension funds, investment funds and insurance companies providing pension plans, residents of the EU or EEA Members States (except for income paid to the permanent establishment of a non-resident in Slovenia), if such entity cannot claim the withholding tax in the state of their residence (if, for example, such funds or insurance companies are exempt from tax payment or are subject to a 0% tax rate).

- exemptions determined in the previous two points do not refer to payments made to states with which the exchange of information is not assured (a list of such states is published by the Slovenian Minister of Finance).

Pursuant to article 71 of the Slovenian Corporate Income Tax Act, tax shall not be withheld from payments of dividends and income similar to dividends if the entity authorised to receive a given payment is subject to the common system of taxation applied to parent companies and affiliate companies from different EU Member States, provided that:

- the entity authorised to receive the payment holds at least 10% of the value or number of shares or interests in the share capital, nominal capital, or voting rights of the company paying the dividend; and

- such minimum participation in the value or number of shares or interest in the share capital, nominal capital or voting rights, has been in effect for at least 24 months; and

- the entity authorised to receive the payment is: a) a legal entity formed as an entity for which a common taxation system is used and which is applicable to parent companies and affiliates from different EU Member States, as determined by the Slovenian Minister of Finance; b) for taxation purposes, a resident of an EU Member State in accordance with the law of that Member State and is in accordance with a double taxation treaty concluded with a non-EU member state not considered to reside outside of the EU, and c) is liable for one of the taxes subject to the common system of taxation applicable to parent companies and affiliates from different EU Member States or, with respect to companies exempt from income tax or that may choose their taxation, is determined by the Slovenian Minister of Finance to be an entity subject to corporate income tax.

Withholding tax

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and some other payments if such payments have source in Slovenia and are paid abroad.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Notes. In accordance with value added tax rules, transactions concerning financial instruments are tax exempt and interest on notes, which do not represent payment for a transaction, are not subject to taxation. Currently, net assets tax is not levied in Slovenia.

3. Financial Services Tax

The subject of taxation according to Article 3 of the Financial Services Tax Act (*Zakon o davku na finančne storitve; ZDFS*) are the following services: a) granting and negotiation of credit or loans in monetary form

and the management of credit or loans in monetary form by the person who is granting the credit or the person who is granting the loan; b) issuing of credit guarantees or any other security for money and management of credit guarantees by the person who is granting the credit; c) transactions, including negotiation, concerning deposit and current or transaction accounts, payments, transfers, debts, cheques and other negotiable instruments; d) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender; e) services provided by insurance brokers and agents.

A taxable person shall be any person who provides the above financial services in the territory of the Republic of Slovenia. It shall be deemed that a financial service referred to in Article 3 of this Act has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a fixed establishment from which such financial service is provided or has his usual or permanent place of residence in the territory of Slovenia. It shall be also deemed that a financial service has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a place of establishment from which the service is provided or has or has his habitual or permanent place of residence outside Slovenia, but may, in accordance with the existing legislation, provide the financial services in the territory of Slovenia directly to clients or recipients of services who have established their business or have a place of establishment or their usual or permanent place of residence in the territory of Slovenia.

Applicable tax rate is 8.5 per cent and is chargeable on the commission of a financial service (Article 7 of Financial Services Tax Act). It shall be deemed that a financial service has been provided when a fee for the commission of the service has been paid. The fee referred to in the preceding paragraph shall exclude interest payable by a contractor of services to a taxable person for the provision of the agreed financial service when such interest does not constitute the payment of fees by a taxable person for the service provided.

6. AUSTRIA

The following is a general overview of certain Austrian tax aspects in connection with the Notes. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Notes nor does it take into account the Noteholders' individual circumstances or any special tax treatment applicable to the Noteholder. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisors as to the particular tax consequences of the acquisition, ownership, disposition or redemption of the Notes.

This overview is based on Austrian law as in force when drawing up this Prospectus. The laws and their interpretation by the tax authorities and tax courts may change and such changes may also have retroactive effect. It cannot be ruled out that the Austrian tax authorities adopt a view different from that outlined below.

Individuals resident in Austria

Income from the Notes derived by individuals, whose domicile or habitual abode is in Austria, is subject to Austrian income tax pursuant to the provisions of the Austrian Income Tax Act *(Einkommensteuergesetz)*. Interest income from the Notes is in general subject to a special income tax rate of 27.5% (exemptions may apply). The income tax for interest income generally constitutes a final taxation *(Endbesteuerung)* for individuals, irrespectively whether the Notes are held as private assets or as business assets. The Income will be subject to withholding tax if the Notes are kept or administrated by a paying agent *(auszahlende Stelle)* in Austria. However, if the income is not subject to withholding tax deduction, the taxpayer will have to include the interest income derived from the Notes in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act.

Furthermore, any realized capital gain *(Einkünfte aus realisierten Wertsteigerungen)* from the Notes by

individuals resident in Austria is subject to Austrian income tax at a rate of 27.5% (exemptions may apply). Realised capital gain means inter alia any income derived from the sale or redemption of the Notes. The tax base is, in general, the difference between the sale proceeds or the redemption amount and the acquisition costs, in each case including accrued interest. Expenses which are directly connected with income subject to the special tax rate are not deductible. For Notes held as private assets, the acquisition costs shall not include incidental acquisition costs. The Income will again be subject to withholding tax if the Notes are kept or administrated in a custodial institution *(depotführende Stelle)* or paying agent *(auszahlende Stelle*) in Austria. If the income from the capital gain is not subject to withholding tax deduction, the taxpayer will have to include the interest income derived from the Notes in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act.

The Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Austrian corporations

Corporations seated in Austria or whose place of management is in Austria are subject to corporate income tax at a tax rate of 25%. This includes income from notes and realized capital gains form Notes.

If applicable, Austrian corporations holding Notes may declare exemption from withholding tax deduction by submitting a corresponding statement (*Befreiungserklärun*g) to the Austrian custody bank and competent financial authority. With this statement the Austrian corporation has to declare its identity and has to confirm that the Notes are held as business assets. If such declaration is not submitted all income from the Notes will in general be subject to withholding tax deduction. Such withheld tax may be set off with the corporate income tax.

Again, the Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Non-resident individuals

Income derived from the Notes by individuals who do not have a domicile or their habitual abode within the European Union – in case they receive income or capital gains from the Notes through a securities depository or payment agent located in Austria – are in principle subject to Austrian limited tax liability but the individual may be eligible to apply for a refund to on Austrian withholding tax on the basis of applicable double taxation treaties or similar agreements.

The Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Non-resident (foreign) corporations

Corporations who do not have their seat or place of management in Austria are subject to Austrian limited corporate income tax liability (non-resident taxation).

Income including capital gains derived from the Notes by corporations who do not have their corporate seat or their place of management in Austria *("non-residents")* is in general not taxable in Austria provided that the income is not attributable to an Austrian permanent establishment. The corporation may be eligible to apply for a refund to on Austrian withholding tax on the basis of applicable double taxation treaties or similar agreements.

Again, the Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at

source and is not obliged to make additional payments in case of withholding tax deductions at source.

7. HUNGARY

The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of Notes by non-Hungarian holders, or the payment of interest under Notes may trigger additional tax payments in the country of residence of the relevant holder, which is not covered by this summary, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

Taxation of Hungarian resident individual holders

The Act CXVII of 1995 on Personal Income Tax (the **Personal Income Tax Act**) applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons.

According to the provisions of the Personal Income Tax Act, in the case of individual holders, interest income (**Interest Income**) - among others - is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt securities (with the exception of the sale of collective investment securities on the Hungarian stock market and the stock market of any EEA or OECD state). Notes should qualify as debt securities. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes. The personal income tax of 15 per cent. will be withheld by the Payor (*kifizető*) (for the definition of Payor, please see below) on the Interest Income. In the absence of a Payor, the individual is obliged to assess, report and pay the taxes on Interest Income.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state are considered as other income (**Other Income)** which is taxable at a rate of 15 per cent (and may be subject to uncapped social tax of 17.5 per cent, as well). As of 1 July 2020, the rate of the social tax will be 15.5 per cent.

The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, capital gains income (**Capital Gains Income).** The tax rate applicable to Capital Gains Income is 15 per cent, while the rate of social tax on the basis of Capital Gains Income realised by Hungarian resident individuals is 17.5 per cent (as of 1 July 2020, 15.5 per cent). For this purpose, the aggregate annual upper threshold of the social tax amount is 17.5 per cent (15.5 per cent as of 1 July 2020) of 24 times the all-time effective minimum wage in Hungary (which means HUF 676,200 (and HUF 598,920 as of 1 July 2020) annual social tax cap calculated based on the 2020 minimum wage amount effective in Hungary).

Proceeds realised on CDIs may qualify as Other Income. Overall, capital gains realised on the sale of such CDIs should qualify as Capital Gains Income.

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the Payor to withhold tax on the interest payments to individual holders. In certain circumstances, Act LII of 2018 on Social Tax also imposes a requirement on the Payor to withhold social tax on payments provided to private individuals which are subject to health care contribution.

Pursuant to the Act CL of 2017 on Rules of Taxation the definition of a Payor covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, Payor shall mean the "paying agent" (*megbízott*) (legal person, organisation or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

In addition, for personal income tax purposes Payor means the Hungarian resident credit institution agent which provides taxable income in connection with the service provision of the foreign person/entity performed in Hungary.

Personal Income Tax Rate

The personal income tax rate is 15 per cent.

Taxation of Hungarian resident corporate holders

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the **Corporation Tax Act**), Hungarian resident taxpayers have a full, all-inclusive tax liability. In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

In general, interest and capital gains realised by Hungarian resident corporate holders on Notes will be taxable in the same way as the regular income of the relevant holders.

The corporate tax rate is 9 per cent (flat rate). Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax, innovation tax and sectoral taxes on the basis of the proceeds realised on Notes.

Withholding tax (foreign resident corporate holders)

Tax liability of non-resident corporate entities arises if the non-resident corporate entity holds the Notes via the Hungarian permanent establishment (limited tax liability).

8. CROATIA

The statements herein regarding taxation are based on the laws in force in Croatia as of the date of this Base Prospectus and are subject to any changes in law and/or entry into force of any relevant 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 Securities 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 Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.

1. Taxation of individuals

Tax obligor is a natural person - income earner and heir to all tax obligations arising from income earned by the decedent until his death. The heir is at the same time tax obligor to income accrued from inherited sources of income.

Taxable sources of income are:

(i) income from salaried employment,

(ii) income from self-employment,
(iii) income from property and property rights,
(iv) income from capital,
(v) other income.

Resident is a natural person whose residence or habitual abode is in the Republic of Croatia. Resident is also a natural person not having the place of residence or habitual abode in the Republic of Croatia and is employed with a governmental office of the Republic of Croatia and receives salary on that basis.

Non-resident is a natural person not having the place of residence or habitual abode in the Republic of Croatia and earning income in the Republic of Croatia which is taxable according to the Croatian Income Tax Act.

Taxable basis i.e. tax base:

a. for a resident is the total amount of income gained from salaried employment, self-employment, property and property rights, capital and other income gained by the resident in the country and abroad (world income principle) less resident's personal allowance,
b. for a non-resident is the total amount of income from salaried employment, self-employment, property and property rights, capital and other income gained by the non-resident in the country (domicile land principle) less non-resident's personal allowance.

With respect to income gained by non-resident natural persons in capacity of performers (artists, entertainers, athletes), there is no obligation to charge, withhold and pay income tax advance or income tax when compensation for their performances is paid to a foreign person, which is not a legal person, pursuant to an agreement with such foreign person, i.e. such compensation is taxable according to withholding tax provisions.

Income from capital are deemed receipts from interests, withdrawals of assets and use of services charged against income of the current period, capital gains and shares in profit realised from allocation or option purchase of treasury shares, which are realised in the tax period, including dividends and shares in profit on the basis of shares in capital.

Croatian Income Tax Act provides for a rather wide list of earnings from interests being subject to taxation (at applicable rate as provided for in the Croatian Income Tax Act), including those realized under a) interests payable on securities (*vrijednosni papiri*), b) interest on HRK and foreign savings, c) interests realized on the basis of granted loans and facilities and d) revenues realized based on division of income of an investment fund in form of interest, if they are not taxed as profit shares on the basis of distribution of profit or income of an investment fund . However, the Croatian Income Tax Act provides for explicit statutory exemption, among others in case of default interest and interest realised through investment in the notes (being *obveznice* under applicable Croatian laws), regardless of the issuer and type of notes. As no guidance has been published by the Croatian Tax Authorities, potential interpretation of the said provisions by the Croatian Tax Authorities cannot be assessed.

As of 1 January 2016, pursuant to the Croatian Income Tax Act, capital income on the basis of capital gain represents a difference between the agreed selling price, i.e. revenue determined based on the market value of financial assets being disposed of and the purchase value.

Within the meaning of the foregoing paragraph, the following revenues are considered as revenues realized by disposal of financial assets (financial instruments and structured products), i.e. receipts from: (i) transferable securities (*vrijednosni papiri*) and structured products, including shares in companies and other associations whose shares may be disposed of similarly as shares in companies; (ii) money market instruments; (iii) units of joint ventures; (iv) derivatives; and/or (v) proportional value of liquidation estate in case of liquidation of an investment fund and other revenues realized from ownership shares in case of liquidation, cessation or withdrawal.

Within the meaning of the foregoing paragraphs, disposal of financial assets means sale, exchange, gift or other transfer, however does not include: (i) transfer of share from one pension fund to another; (ii) exchange of securities (*vrijednosni papiri*) with the equivalent securities of the same issuer, whereby the ratios among the holders and capital of issuer are not altered, as well as exchange of securities (*vrijednosni papiri*), i.e. financial instruments with other securities (*vrijednosni papiri*) or financial instruments, and acquisition of securities (*vrijednosni papiri*) or financial instruments in case of change of status changes, provided that in all these cases there is no cash flow and the sequence of acquisition of financial property is ensured (acquisition value shall be considered the value determined on the date of first acquisition of financial property); (iii) division of stocks of the same issuer, whereupon the share capital shall not be altered and there shall be no cash flow; (iv) exchange of shares among the investment sub-funds under the same umbrella fund, i.e. exchange of shares among the investment funds managed by the same management company, provided that the sequence of acquisition of financial property is ensured (acquisition value shall be considered the value determined on the date of first acquisition of financial property); and (v) repurchase of shares of the Croatian War Veterans' Fund.

Capital income from revenues from joint ventures shall be determined in the amount of realized yield, decreased for costs of management of investments, i.e. costs of management of investment fund assets (net yield), i.e. in case of discounted securities (*vrijednosni papiri*) and zero-coupon bonds, in the amount of difference between the purchase value at the moment of issue and realized value at maturity if the purchaser holds the security until its maturity. Capital income on the basis of capital gains realized through the investment of financial assets into portfolios, in line with the regulations applicable for capital markets, shall be determined in the moment of realization of yield from the portfolio decreased by the costs of portfolio management (net yield).

Capital income on the basis of capital gains shall not be taxed if disposal has been made between the spouses and first-degree relatives and other members of immediate family (as defined in the Croatian Income Tax Act), between the divorced spouses if disposal is in immediate connection with the divorce, inheritance of financial assets and if financial assets are disposed of after two years from the date of purchase, i.e. acquisition of the same.

If financial assets were acquired as a gift and disposed of in a period of two years from the date of acquisition, the person disposing the assets shall be determined the capital income in line with the Croatian Income Tax Act.

Capital losses may be deducted only from the income from capital gains which is realized in the same calendar year. Capital losses may be stated up to the amount of the tax basis.

Capital income realized in a foreign currency shall be calculated in HRK counter value by application of the middle exchange rate of the Croatian National Bank on the day of payment.

Specifically, as income from capital are deemed capital gains and gains from dividends and profit sharing on the basis of shares in the capital. Amendments to the Croatian Income Tax Act have introduced change of income tax payments on the basis of receipts from dividends or profit sharing on the basis of shares in capital and capital gains from the rate of 12% to the rate of 10% without recognition of personal allowance referred to in Article 14 of the Croatian Income Tax Act. Rate of 10 % shall enter into effect as of determining income tax for year 2021 and so forth. Dividend payments and payments on profit sharing on the basis of shares in capital are taxable at source, while the obligor of calculation, withholding and payment of tax for capital gains is the tax obligor acquirer of revenue from the country or from the abroad, if not provided to the contrary by an international treaty (or the company managing financial assets of the tax obligor or Central Depository and Clearing Company); for income from capital based on disposal of share in capital, a tax obligor and; a person disposing of financial assets in case of financial assets was acquired as a gift and disposed of in a period of two years from the date of acquisition. The company, payer of dividends or shares in profit is obliged to assess, withhold and pay tax simultaneously with the payments of dividends or profit. It should be noted that on top of income tax the income tax surcharge is levied which is defined in the city or municipal regulations depending on the place of residence or habitual abode of the tax obligor. The tax basis for surcharge tax is the assessed income tax and the payer of the receipts is obliged

to assess, withhold and prepay tax simultaneously with the payment of receipts.

In a situation where the tax payer chose that Central Depository and Clearing Company shall keep records, calculate income and income tax and report to tax authorities thereof, the tax payer is obliged to deliver all data necessary for determination of income tax to Central Depository and Clearing Company.The general tax rules outlined above apply to the extent there are no limitations imposed under applicable double tax treaties. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty under the conditions as provided for in the applicable tax legislation.

If the resident receives income from capital from abroad without a local intermediary, he is obliged to pay tax at the applicable tax rate.

Inheritance and gift taxation

In accordance with Local Taxes Act and subject to any applicable double taxation treaty, any natural person or legal entity who inherits or receives gifts (including securities) with individual value higher than HRK 50,000.00 in the Republic of Croatia is under an obligation to pay Croatian tax in respect of such inheritance or gift at a rate of 4%. Certain exemptions with respect to application of the aforestated tax are available in line with the Local Taxes Act.

EU Savings Directive

EU Savings Directive has been incorporated in the earlier version of the Croatian General Tax Act and has come into force on 1st July 2013.

The EU Savings Directive has been repealed by Council Directive (EU) 2015/2060 of 10 November 2015 which came into force on 1st January 2017. This Directive has not been transposed in any particular legislation act in Croatia.

No gross-up for taxes withheld

Purchasers of the Notes should note that neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Notes, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

EU Financial Transaction Tax

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Notes.

Other Taxes

No stamp, issue or registration taxes or duties will be payable in Croatia in connection with the issuance, delivery or execution of the Notes.

2. Taxation of corporations

Corporate (profit) tax obligors are:

(i) companies and other legal entities and natural persons residing in the Republic of Croatia that are self-employed and perform economic operations permanently and for the purpose of making the profit, income or revenues or other valuable commercial benefits;
(ii) local business units of a foreign entrepreneur (non-resident);
(iii) a natural person determining income in a manner prescribed for self-employment according to income tax regulations or natural person commencing with self-employment if he/she declares that he/she will pay corporate (profit) tax instead of income tax;

(iv) a natural person, determining income in a manner prescribed for self-employment according to income tax regulations or natural person commencing with self-employment if the total turnover in the previous tax period exceeded HRK 7,500,000, or

(v) exceptionally, government administration bodies, regional self-administration bodies, local self-administration bodies, Croatian National Bank, institutions of regional self-administration units, institutions of local self-administration units, state institutes, religious communities, political parties, trade unions, chambers, associations, artists associations, voluntary fire-fighting societies, technical culture communities, tourist communities, sports clubs, sports societies and associations, trusts and funds, if they perform commercial activities whose non-taxation would lead to unjustified advantages on the market (they are subject to corporate (profit) tax for such commercial activities). The tax authority will at own initiative or at the proposal of other tax obligors declare in its decision that the above stated persons are obliged to pay corporate (profit) tax for such commercial activities;

(vi) each entrepreneur and his legal successor not counted to entrepreneurs counted in items (i) through (v) who is not an income tax obligor according to the income tax regulations and whose profit is not taxable elsewhere.

The tax base shall be the profit determined pursuant to the accounting regulations as the difference between revenues and expenditures before the profit tax assessment, increased and reduced in accordance with the provisions of Croatian Profit Tax Act. The tax base of a resident taxpayer shall be the profit earned in Croatia and abroad and the tax base of a non-resident shall only be the profit earned in Croatia which shall be assessed in accordance with the provisions of Croatian Profit Tax Act. Income from the liquidation or other procedure by which the payer terminates operations in accordance with special regulations, income from sale, changes in the legal form and division of the payer is included in the tax base, and the tax base is determined according to the market value of the assets, unless otherwise provided by Croatian Profit Tax Act.

Withholding tax obligors are payers of interests (certain exemptions available under the Croatian Profit Tax Act), dividends, shares in profit, royalties for copyrights and other intellectual property rights (copyrights, patents, licences, trademarks, designs or models, production processes, production formulae, drawings, plans, industrial or scientific experience and similar rights) and certain other services under the conditions provide in the Croatian Profit Tax Act to foreign persons other than natural persons and paying for market research services, tax and business consulting or audit services to foreign persons and paying any other kinds of services paid to persons having their registered seats or places of actual administration or supervision in countries deemed tax havens or financial centres other than EU Member States and countries with which the Republic of Croatia entered into and applies double tax treaties and which are included in the List of Countries issued by the Finance Minister and published on web pages of the Ministry of Finance and Tax Administration.

In case of withholding tax the subject of taxation is the gross amount of payment paid by a payer in the country to a non-resident - foreign recipient.

Corporate (profit) tax rate is 10% if the income of the tax obligor in the tax period amounts to HRK 7,500,000.00 and 18% if the income of the tax obligor in the tax period is equal or higher than HRK 7,500,000.01. Withholding tax rate is 15%, except for dividends and shares in profit for which the withholding tax rate is 10%, and 20% for all kinds of services paid to persons having their registered seat or place of actual administration or supervision in countries deemed tax havens or financial centres other than EU Member States and countries with which the Republic of Croatia entered into and applies double tax treaties and which are included in the List of Countries issued by the Finance Minister and published on web pages of the Ministry of Finance and Tax Administration.

Croatian withholding tax can be reduced under and effective double tax treaty.

Finally, Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States and the Council Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States and Council Directive 2017/952 of 29 May 2017 as

regards hybrid mismatches with third countries, have been transposed to Croatian legal system through Income Tax Act.

9. EUROPEAN FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the **Commission Proposal**), for a Directive for a common financial transaction tax (**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, the 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 the participating Member States. It may therefore be altered prior to any implementation. 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.

10. INTERNATIONAL EXCHANGE OF INFORMATION

The Common Reporting Standard

The common reporting standard ("**CRS**") framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency.

On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the CRS. The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) ("**FIs**") relating to account holders who are tax resident in other participating jurisdictions.

Council Directive 2011/16/EU on Administrative Co-operation in the Field of Taxation (as amended by Council Directive 2014/107/EU) ("**DAC II**") implements the CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial information in respect of residents in other EU Member States on an annual basis which commenced in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).

At present, over 100 jurisdictions have publicly committed to implement the CRS, with 49 committed to exchange from September 2017, a further 52 taking up exchanges in September 2018, and a further 7 taking up exchanges by 2019/2020.

The Issuer (or any nominated service provider) will agree that information (including the identity any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the purposes of

satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder or (iv) as otherwise required by law or court order or on the advice of its advisors.

11. U.S. FOREIGN ACCOUNT TAX COMPLIANCE WITHHOLDING

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made two years after the date of publication of final U.S. Treasury Regulations defining the term “foreign passthru payment”, or later. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date," which is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register, or are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

While the Notes are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer’s obligations under the Notes are discharged once it has paid the common safekeeper or common depositary, for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Notes, none of the Issuer, any paying agent or any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Notes should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Notes.

FATCA is particularly complex and its application to the Issuer, the Notes, and investors in the Notes is uncertain at this time. The application of FATCA to "foreign passthough payments" on the Notes or to Notes issued or materially modified after the grandfathering date may be addressed in the relevant Final

Terms or a supplement to the Base Prospectus, as applicable.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "**IGA**"), which entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in repect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

12. U.S. DIVIDEND EQUIVALENT PAYMENTS

U.S. Treasury Regulations under Section 871(m) of the Code imposing a withholding tax on certain "dividend equivalents" under certain "equity linked instruments" exclude from their scope instruments issued before calendar year 2021 that do not have a "delta of one" with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an "Underlying Security"). Subject to this pre-2021 exemption, Section 871(m) of the Code will apply to a financial instrument (a "Specified Security") if it meets either (i) a "delta" test, if it is a "simple" contract, or (ii) a "substantial equivalence" test, if it is a "complex" contract. Section 871(m) of the Code provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations, as well as instruments that track such indices. If the terms of a financial instrument issued before calendar year 2021 (that is exempt from withholding under Section 871(m) of the Code) are "significantly modified" sometime after calendar year 2020 such that the financial instrument is treated as retired and reissued for U.S. federal income tax purposes, it will lose this exemption. Section 871(m) of the Code is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. You should consult your tax advisor regarding the potential application of Section 871(m) of the Code to the Notes.

SUBSCRIPTION AND SALE

In respect of a Tranche of Notes issued under the Programme, a Manager or Managers (if so specified in the applicable Final Terms) or any other person or persons may enter into an agreement with the Issuer setting out the basis on which such Notes are to be purchased or subscribed. It is expected that any such Manager(s) or person(s) will agree to comply with the restrictions and agreements set out below (provided that references to "Manager" in the text below shall be read to refer to "person" as appropriate).

Public Offer Selling Restriction under the Prospectus Regulation

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to Retail Investors" as "Not applicable", in relation to each Member State of the European Economic Area ("**EEA**") (each, a Relevant Member State), each Manager has represented and agreed that, and each further Manager appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of 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) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant 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, and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as amended.

United States

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 under the Securities Act. There will be no public offer of the Notes in the United States.

The Bearer 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 Code and U.S. Treasury Regulations promulgated thereunder.

The Manager or, as the case may be, each Manager of an issue of Notes will be required to represent and agree, that 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, as determined and certified by such Manager or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Manager or, as the case may be, each Manager will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

In addition, each issuance of Notes may be subject to such additional U.S. selling restrictions as the Issuer and the relevant Manager may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Prohibition of Sales to Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to Retail Investors" as "Not applicable", each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the specified jurisdictions only. 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 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); or

   iv) a retail client within the meaning of any equivalent definition under the applicable legislation of the specified jurisdiction outside the EEA; 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.

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**). The Manager or, as the case may be, each Manager has represented and agreed that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

The Manager or, as the case may be, each Manager will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefor.

Neither the Issuer nor any Manager represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Manager or, as the case may be, each Manager will be required to comply with such other restrictions as the Issuer and the Manager(s) shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The set up of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 5 May 2020.

Listing, Approval and admission to trading

Application has been made to the CSSF, in its capacity as competent authority under the Prospectus Law 2019, which implements the Prospectus Regulation, to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial opportuneness of the transactions set out under this Programme or the quality or solvency of the Issuer in compliance with the provisions of article 6(4) of the Prospectus Law 2019. Application has also been made to the Luxemburg Stock Exchange for Notes issued under the Programme (i) to be listed on the Official List of the Luxembourg Stock Exchange; and (ii) to be admitted to trading on the Luxembourg Stock Exchange Regulated Market and the EuroMTF. The Luxembourg Stock Exchange Regulated Market is a regulated market for the purposes of MiFID II. The EuroMTF is not a regulated market for the purposes of MiFID II, but it is subject to the supervision of the CSSF.

Notes may be issued under the Programme which are not listed or admitted to trading, as the case may be, on Luxembourg Stock Exchange or any other stock exchange or market or trading venues or Notes may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets or trading venues as the Issuer may specify in the applicable Final Terms. After the Issue Date, application may be made to list the Securities on other stock exchanges or regulated markets or to admit to trading on other trading venues as the Issuer may decide.

Documents Available

In addition to the availability of the Base Prospectus and documents incorporated by reference therein in electronic form as set out below, for so long as the Programme remains valid with the Luxembourg Stock Exchange or any Securities shall be outstanding, copies and, where appropriate, the following documents (translated into English, where applicable) may be obtained by the public during normal business hours at the specified office of the Luxembourg Listing Agent and at the registered offices of the Issuer, namely:

(a) this Base Prospectus and any supplements to this Base Prospectus (together with any prospectuses published in connection with any future updates in respect of the Base Prospectus) and any other information incorporated herein or therein by reference;

(b) a certified copy of the constitutive documents of Intesa Sanpaolo;

(c) the Agency Agreement;

(d) any Final Terms (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity); and

(e) any supplemental agreement prepared and published in connection with the Programme.

In addition, copies of this Base Prospectus, any supplements to this Base Prospectus, each Final Terms relating to the Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (https://www.bourse.lu), and at the following website: www.intesasanpaolo.prodottiequotazioni.com.

Copy of the constitutive documents of Intesa Sanpaolo are available on the following website: https://group.intesasanpaolo.com/en/governance/company-documents.

Any Second-party Opinion in relation to Green Certificates or Climate Certificates or Social Certificates or Sustainability Certificates are available on the following website: https://group.intesasanpaolo.com/en/sustainability/environment/green-products/Green-bonds.

Financial statements available

In addition to the availability of the Base Prospectus and documents incorporated by reference therein in electronic form as set out below, for so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Luxembourg Listing Agent and at the registered offices of the Issuer:

(a) the audited consolidated annual financial statements of Intesa Sanpaolo as at and for the years ended 31 December, 2019 and 2020; in each case, together with the accompanying notes and any auditors' report;

(b) the most recent annual or unaudited interim consolidated financial information of Intesa Sanpaolo published from time to time (whether audited or unaudited), commencing with its unaudited consolidated financial statements as at and for the three months ended 31 March 2021.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg

Interests in the Notes may also be held through CREST through the issuance of CDIs representing Underlying Notes. The current address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London EC4M 5SB.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer at the time of the issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche bearing Fixed Rate Interest, an indication of the yield in respect of the Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Trend information

Since 31 December 2020 there has been no material adverse change in the prospects of the Issuer and since 31 March 2021, there has been no significant change in the financial performance of the Intesa Sanpaolo Group other than as disclosed within the 5 May 2021 Press Release.

No significant change

Since 31 March 2021, there has been no significant change in the financial position of the Intesa Sanpaolo Group. Since 31 March 2021 there has been no significant change in the financial position of the Issuer other than as disclosed within the 5 May 2021 Press Release.

Material contracts

None of Intesa Sanpaolo S.p.A. and Intesa Sanpaolo's other subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to the Issuer' ability to meet its obligations to Noteholders.

Post-issuance information

In relation to Dual Currency Redemption Notes, the Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities except to the extent required by any applicable laws and regulations.

Litigation

Save as disclosed in this Base Prospectus under "Description of the Issuer – Legal Proceedings", none of the Issuer or any member of the Intesa Sanpaolo Group is or has not been involved in any governmental, legal or 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 Intesa Sanpaolo Group's financial position or profitability and, so far as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

External Auditors

From the year ended 2012 the auditors of the Issuer are KPMG S.p.A. for the period 2012-2020. KPMG S.p.A., with registered office at Via Vittor Pisani 25, 20124 Milan, Italy, is a member of Assirevi-Associazione Nazionale Revisori Contabili, the Italian association of auditing firms. KPMG S.p.A. have audited Intesa Sanpaolo's consolidated annual financial statements, in accordance with International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10, as at and for the years ended 31 December, 2019 and 2020.

LEI Code

The Legal Entity Identifier ("**LEI**") Code of Intesa Sanpaolo is **2W8N8UU78PMDQKZENC08**.

Declaration of the officer responsible for preparing Intesa Sanpaolo's financial reports

The officer responsible for preparing the company's financial reports, Fabrizio Dabbene, declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance (Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time) that the accounting information contained in this Base Prospectus corresponds to Intesa Sanpaolo's documentary results, books and accounting records.

THE ISSUER

Intesa Sanpaolo S.p.A.
Piazza San Carlo, 156
10121 Turin
Italy

ISSUING AND PRINCIPAL PAYING AGENT AND LUXEMBOURG LISTING AGENT

Société Générale Luxembourg
28-32 Place de la Gare
L-1616 Luxembourg
Luxembourg

LEGAL ADVISERS TO THE ISSUER

As to English law and Italian law
DLA Piper
Via dei Due Macelli, 66
00187 Rome
Italy