



## CASSA CENTRALE RAIFFEISEN DELL'ALTO ADIGE S.p.A.

*(incorporated as a company limited by shares under the laws of the Republic of Italy)*

### Up to €750,000,000 Euro Medium Term Note Programme

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Under the €750,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus, Cassa Centrale Raiffeisen dell'Alto Adige S.p.A. ("**Cassa Centrale Raiffeisen**" or the "**Issuer**") may from time to time issue certain non-equity securities ("**Notes**") in bearer form denominated in any currency, as described in further detail herein.

This "**Base Prospectus**" constitutes a base prospectus for the purposes of Article 5(4) of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**") and has been approved as such by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg. Pursuant to Article 7(7) of the Luxembourg Law on Prospectuses for Securities, the CSSF assumes no responsibility as to whether the transactions contemplated under this Base Prospectus are economic and financially appropriate or as to the quality or solvency of the Issuer.

Applications have been made for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU. The Programme also allows for Notes to be issued on the basis that they will: (i) be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed by the Issuer or (ii) not be admitted to listing, trading or quotation by any competent authority, stock exchange and/or quotation system.

EU BENCHMARKS REGULATION - Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates, which may constitute a benchmark under Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation. Not every reference rate will fall within the scope of the Benchmarks Regulation. Furthermore transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of the administrator.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" on page 9.**

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 32 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis.

*Arranger*

**BANCA IMI**

*Dealers*

**Banca IMI**

**ING**

**DZ BANK AG**

**Raiffeisen Bank International AG**

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## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, to the best of its knowledge, 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.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**"), together with a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such tranche (the "**Drawdown Prospectus**"). This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. The Issuer accepts responsibility for the information contained in the Final Terms/Drawdown Prospectus, as the case may be, for each Tranche of Notes issued under the Programme.

**PRODUCT GOVERNANCE UNDER DIRECTIVE 2014/65/EU, AS AMENDED** - The Final Terms or Drawdown Prospectus, as the case may be, in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under Commission Delegated Directive (EU) 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Issuer has confirmed to the Dealers named under "*Certain Definitions*" below that this Base Prospectus (including, for this purpose, each relevant Drawdown Prospectus and each relevant Final Terms) contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

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

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of information contained in this Base Prospectus. The Dealers

accept no liability in relation to this Base Prospectus or any document forming part of this Base Prospectus or the distribution of any such document or with regard to any other information supplied by or on behalf of the Issuer.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented by a supplement or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since any such date or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing that information.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise), prospects and credit-worthiness of the Issuer.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on the offering, sale and delivery of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*" below. In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

**IMPORTANT – EEA RETAIL INVESTORS** - If the Final Terms, or Drawdown Prospectus, as the case may be, in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €750,000,000 and, for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes, calculated in accordance with the provisions of the Dealer Agreement (as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

Notes issued pursuant to the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by

the assigning rating agency. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme or the rating(s) assigned to Notes already issued. The Final Terms relating to rated Notes will disclose whether or not each credit rating applied for in relation to relevant Series of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under Council Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the EEA but endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency falling under one of the above categories. Any credit rating agency registered under the CRA Regulation will be entered on the list of registered credit rating agencies maintained by the European Securities and Markets Authority, which may be consulted on the following page on its website:

<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs#>.

\* \* \*

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

## CERTAIN DEFINITIONS

In this Base Prospectus, unless otherwise specified or where the context requires otherwise:

- (i) references to "**billions**" are to thousands of millions;
- (ii) "**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme, Luxembourg;
- (iii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Base Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (iv) the "**CRA Regulation**" means Regulation (EU) No. 1060/2009 on credit rating agencies, as amended;
- (v) the "**Dealers**" means Banca IMI S.p.A., DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, ING Bank N.V. and Raiffeisen Bank International AG, together with any additional Dealer appointed by the Issuer under the Programme from time to time, either for a specific issue or on an ongoing basis;
- (vi) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (vii) "**Euroclear**" means Euroclear Bank SA/NV;
- (viii) "**ICSDs**" means Clearstream; Luxembourg and Euroclear;
- (ix) "**IFRS**" means International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 as subsequently amended from time to time, including on 22 December 2017, and related transitional regulations in Italy;
- (x) The "**Issuer**" means Cassa Centrale Raiffeisen dell'Alto Adige S.p.A.;

- (xi) references to a "**Member State**" are to a Member State of the European Economic Area;
- (xii) references to a "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) purchased by one Dealer, be to such Dealer and, in the case of an issue of Notes being (or intended to be) purchased by more than one Dealer, be to the lead manager of such issue; and
- (xiii) the "**Securities Act**" means the United States Securities Act of 1933 (as amended);

## **STABILISATION**

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

## **FORWARD-LOOKING STATEMENTS**

A forward-looking statement is a statement which does not relate to historical facts and events but which is based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. Forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases. This applies, in particular, to statements containing information on future earning capacity, plans and expectations regarding a company's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Any forward-looking statements in this Base Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Issuer's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Issuer's business is also subject to a number of risks and uncertainties that could cause any forward-looking statement, estimate or prediction in this Base Prospectus to become inaccurate. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors - Factors that may affect the Issuer's ability to fulfil its obligations under the Notes*".

In the light of these risks, uncertainties and assumptions, any future events described in this Base Prospectus may not occur. In addition, the Issuer assumes no obligation, except as required by law, to update any forward-looking statement, whether as a result of new information, future events or otherwise, or to conform these forward-looking statements to actual events or developments.

## **MARKET SHARE INFORMATION AND STATISTICS**

This Base Prospectus contains information and statistics regarding the Issuer's market share in the province of Bolzano, as well as the economic performance of the region of Trentino Alto-Adige and that of Italy as a whole, which are derived from, or are based upon, the Issuer's analysis of data obtained

from the Bank of Italy, ISTAT (*Istituto Nazionale di Statistica* or the Italian National Statistics Office) and ASTAT (*Isituto Provinciale di Statistica* or the Provincial Statistics Office of the Autonomous Province of Bolzano). Such data have been reproduced accurately in this Base Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by those bodies, no facts have been omitted which would render such reproduced information inaccurate or misleading.

## ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus contains certain financial measures that the Issuer considers as constituting alternative performance measures ("**APMs**") as defined by the European Securities and Markets Authority (ESMA) Guidelines of 5 October 2015 (ESMA/2015/1415).

<b>APM</b>	<b>Definition/reconciliation</b>
Total gross exposure to customers	The sum of gross non-performing loans and gross performing loans (taken from schedules to annual report)
Gross bad loans / total gross exposure to customers	Ratio between (i) gross bad loans and (ii) gross exposure to customers (taken from schedules to annual report)
Bad loans loss provision / gross bad loans	Ratio between (i) bad loans loss provision and (ii) gross bad loans (taken from schedules to annual report)
Net bad loans / total net loans	Ratio between (i) net bad loans and (ii) total net loans (taken from schedules to annual report)
Gross unlikely to pay loans / total gross exposure to customers	Ratio between (i) unlikely to pay loans and (ii) total gross exposure to customers (taken from schedules to annual report)
Unlikely to pay loans loss provision / gross unlikely to pay loans	Ratio between (i) unlikely to pay loans loss provision and (ii) gross unlikely to pay loans (taken from schedules to annual report)
Net unlikely to pay loans / total net loans	Ratio between (i) net unlikely to pay loans and (ii) total net loans (taken from schedules to annual report)

The Issuer believes that the above APMs provide useful information to investors regarding the financial position and performance, allowing for comparison with similar measures published by other banks as well as average industry standards and better illustrating specific aspects and trends of the Issuer's business activity.

## **RISK FACTORS**

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

*The Issuer believes that the matters described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. In addition, the order in which the risk factors are presented below is not intended to be indicative of the relative likelihood that each risk will materialise or of the magnitude of its potential impact on the business, financial condition or results of operations of the Issuer.*

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

*Words and expressions defined in "Forms of the Notes" and "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus, including the information incorporated by reference in this Base Prospectus.*

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

#### ***Small local market***

The Issuer is a small Italian savings bank, based in the Italian autonomous region of Trentino-Alto Adige/Südtirol and has local operations concentrated principally in the north-east of Italy. Accordingly, the Issuer's market is limited. The Issuer's loan portfolio is geographically narrow and is concentrated in industries that mirror the local economy. At the same time, there can be no assurance that the Issuer will maintain its niche position in the future. Any downturn in economic conditions affecting the Issuer's local market and the main industries in that area (such as tourism) may have a material adverse effect on the Issuer's financial condition and results of operations.

#### ***Competition in the Italian market***

Competition is intense in all of the Issuer's primary business areas in Italy. The Issuer derives nearly all of its banking income from its banking activities in Italy, a market where competitive pressures have been increasing quickly and which has been going through a process of consolidation, with large banking groups undergoing mergers and acquisitions to achieve greater economies of scale. Larger banks are in a better position to take advantage of economies of scale and to spread fixed costs and investments, for example in information technology, over a large number of clients. Larger banks also have greater financial and operational resources than smaller banks such as the Issuer. If the Issuer is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Issuer, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete.

#### ***Risks arising from the reform of the cooperative banks***

Following the enactment of Law No. 49 of 8 April 2016 providing for the reform of the Italian credit cooperative banks, and the subsequent Law Decree No. 119/2018 converted into Law No. 136 of 17



December 2018, the co-operative banks of the province of Bolzano (the "**Raiffeisen Banks**") (the Issuer's shareholders) obtained the possibility to choose between the creation of a cooperative banking group or an institutional protection scheme according to article 113, paragraph 7 of the CRR ("**IPS**").

In December 2018, in order to maintain their independence, the Raiffeisen Banks opted for an IPS, which the Issuer also decided to join. The key objective of the IPS is to protect the member institutions providing a solidarity mechanism between them. The central pillar of the IPS is the guarantee scheme covering all liabilities of the Issuer and the other members of the IPS. In this context, it is relevant to note that the guarantee scheme will oblige the Issuer and all other members of the IPS to commit own funds, if necessary, in order to provide the financial support required to fulfil the guarantee obligations.

Against this background, in addition to the risk relating to the Issuer, investors could, from the constitution of the IPS onwards, also be exposed to the risk of other banks, members of the IPS.

### ***Risks arising from a sovereign credit rating change***

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

### ***Risks concerning liquidity***

The Issuer's businesses are subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil its commitments to lend. In order to ensure that the Issuer continues to perform its funding activities and to maintain or grow its business generally, it relies on customer savings and transmission balances, as well as on-going access to the wholesale lending markets. The ability of the Issuer to access wholesale and retail funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system.

The global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity and term funding. In particular, the perception of counterparty credit risk between banks has increased significantly, resulting in further reductions in inter-bank lending and the level of confidence from banks' customers. Should the Issuer be unable to continue to source a sustainable funding profile, under such funding and liquidity environment, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

### ***Changes in regulatory framework***

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, the *Commissione Nazionale per le Società e la Borsa* or "CONSOB" (the Italian financial markets regulator), the European Central Bank and the European System of Central Banks. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union, such as the following:

- ***Basel III and CRD IV Package***

Between December 2010 and December 2011, the Basel Committee on Banking Supervision (the "**Basel Committee**") issued documents containing a capital and liquidity reform package

(the "**Basel III proposals**") to replace the existing EU directives on capital requirements. The main proposals are summarised as follows:

- revision of the regulatory capital definition and its components, setting higher minimum levels for Common Equity Tier 1 capital adequacy ratios and introducing requirements for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability;
- non-recognition or phasing-out of recognition of certain existing capital instruments, such as Common Equity Tier I Capital, Additional Tier I Capital or Tier II Capital, in force since 1 January 2014;
- introduction of a capital conservation buffer designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred and a countercyclical buffer, and measures aimed at ensuring that systemically important financial institutions have loss-absorbing capacities which go beyond the minimum Basel III standards, in order to ensure that banking sector capital requirements take into account the macro-financial environment in which banks operate;
- enhancement of risk coverage of the capital requirements framework, especially regarding derivatives and other off balance sheet items (counterparty credit risk), the exposures to central counterparties (CCPs) and the values of the risk parameters under stress conditions (market, credit and counterparty credit risk);
- introduction of a leverage ratio requirement as a supplementary measure to the risk-based capital requirements;
- promotion of stronger provisioning practices mainly by moving towards a forward looking (expected loss) provisioning approach; and
- introduction of global common liquidity measurement standards for the banking sector, which will subject banks to minimum quantitative requirements for liquidity and increased risk weightings for "illiquid" assets.

In the European Union, the Basel III Proposals have been implemented by way of the Capital Requirements Directive 2013/36/EU (known as "**CRD IV**") and the Capital Requirements Regulation (EU) No. 575/2013 ("**CRR**") which came into force following their adoption in June 2013 (the "**CRR Regulation**" or "**CRR**" and together with the CRD IV, the "**CRD IV Package**"). Full implementation began on 1 January 2014, with some elements to be phased in over a period of time. The requirements should be largely fully effective by 2019 and some minor transitional provisions provide for phase-in by 2024 but it is possible that in practice implementation under national laws will take longer. Further, Member States may introduce certain provisions at an earlier date than that set out in CRD IV and CRR. Italy has enacted Legislative Decree No. 72 of 12 May 2015 implementing CRD IV.

- ***Bank Recovery and Resolution Directive or BRRD***

On 2 July 2014, Directive 2014/59/EU, providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or the "**BRRD**") entered into force. The stated aim of the BRRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses, including the so-called "bail-in" tool. Italy has supplemented the measures set out in BRRD through the adoption of Legislative Decrees No. 180/2015 and No. 181/2015 with the senior debt bail-in tool

taking effect from 1 January 2016 and the "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and small and medium-sized companies being applicable from 1 January 2019. The powers set out in BRRD will affect how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors, as described in further details under "*Risks relating to the Notes*", "*The Bank Recovery and Resolution Directive may affect Notes*".

- **EU Banking Reform**

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks (the "**EU Banking Reform**") providing for a number of amendments to the following pieces of legislation:

- (i) CRD IV;
- (ii) BRRD;
- (iii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the "**SRM Regulation**").

In the EU Banking Reform, the European Commission proposed to introduce harmonised minimum requirements for own funds and eligible liabilities ("**MREL**"). The aim is that the minimum amount should be proportionate and adapted for each category of bank on the basis of their risk or the composition of their sources of funding and to ensure adequate capitalisation to continue exercising critical functions post resolution. The Total Loss-Absorbing Capacity ("**TLAC**") and the Principles and Term Sheet published by the Financial Stability Board ("**FSB**") on 9 November 2015, instead, apply to global systemically important institutions (the "**G-SIIs**") only. MREL represents one of the key tools to improve banks' resolvability, allowing resolution authorities to maintain critical functions and restore a bank's capital position after resolution. The MREL requirement is aimed at facilitating effective resolution of institutions and minimising to the greatest extent possible the need for interventions by taxpayers. The EU Banking Reform (as defined below) has introduced amendments aimed at implementing and integrating the TLAC requirements into the general MREL rules, thereby avoiding duplication from the application of two parallel requirements and ensuring that both the TLAC and MREL requirements are met with largely similar instruments.

Following the agreement reached by the European Parliament, the Council and the Commission in October 2017, selected aspects of the EU Banking Reform have been fast-tracked, including amendments to Article 108 of the BRRD to create a new category of senior non-preferred debt instruments that will be eligible for MREL purposes. On 28 December 2017, Directive (EU) 2017/2399, amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy (the "**BRRD Amending Directive**") entered into force. The BRRD Amending Directive must be brought into force by the EU Member States by 29 December 2018. It requires Member States to create a new class of the so-called "senior non-preferred" debt instruments which would rank just below the most senior debt and other senior liabilities for the purposes of liquidation, while still being part of the senior unsecured debt category (only as a lower tier of senior debt). The new creditor hierarchy will not have a retroactive effect and will only apply to new issuances of bank debts. Such instruments are subject to bail-in and are supposed to rank between current senior unsecured liabilities and capital instruments. In this regard, the Italian law No. 205 of 27 December 2017 (the "**2018 Budget Law**"), contains the implementing provisions pertaining to "non-preferred" senior debt instruments. See further "*Senior Notes and Senior Non-Preferred Notes*" risk factor below.

- ***CRD V Package implementing the EU Banking Reform***

The EU Banking Reform has recently been implemented on 7 June 2019 by the publication on the Official Journal of the European Union of the new Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (the "**CRR II**") amending the CRR Regulation and the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (the "**CRD V Directive**") and together with CRR II, the "**CRD V Package**") amending the CRD IV. Amendments were also introduced to the BRRD and the SRM Regulation.

The CRD V Package entered into force on 27 June 2019 but the majority of CRR II provisions will apply from 28 June 2021, while others have staggered timings which is likely to be reviewed in consideration of the fact that the CRD V Directive shall have to be implemented by Member States within 28 December 2020.

The new provisions introduce amendments to the Net Stable Funding Ratio ("**NSFR**") and the Leverage Ratio as binding requirements for EU banks and implement TLAC for EU G-SIBs, as well as a number of other Basel III standards - including a new framework for market risk capital requirements. In particular, the EU Banking Reform includes, among other things, a binding 3% leverage ratio and a binding detailed 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). In particular, the binding 3% leverage ratio is added to the own funds requirements set forth in Article 92(1) of the CRR. The leverage ratio requirement is a parallel requirement to the risk-based own funds requirements, and will apply - from June 2021 - to all credit institutions and investment firms that fall under the scope of the CRR, subject to selected adjustments. Institutions should be able to use any CET1 capital that they use to meet their leverage-related requirements to also meet their risk-based own funds requirements, including the combined buffer requirement.

In consideration of these recent reforms, further amendments and implementing measures may be approved in the near future and therefore how they will be ultimately applied may have a material effect on the Issuer's business and operations. In addition, regulators and supervisory authorities are taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems and people and compliance with which may place additional burdens or restrictions on the Issuer. As this new framework of banking laws and regulations is currently being implemented, the manner in which they will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not restrict the operations of the Issuer or otherwise have an adverse effect on its business, financial condition, cash flows and results of operations or on the rights of Noteholders as creditors of the Issuer. Prospective investors in the Notes should consult their own advisors as to the consequences for them of the application of the above regulations as implemented by each Member State.

***The Issuer may be affected by new accounting and regulatory standards***

On 24 July 2014 the International Accounting Standards Board published IFRS 9 relating to "Financial Instruments", which replaced IAS 39 from 1 January 2018, except that for a selective early adoption. IFRS 9 has been approved by Commission Regulation (EC) No. 2067/2016 published in the Official Gazette of the EU on 29 November 2016. IFRS 9 amends and complements the rules on the classification and measurement of financial instruments; introduces a new impairment model based on

"expected credit losses" (the preceding model was based on provisions for "incurred losses"); and introduces new rules on general hedge accounting.

The application of IFRS 9 and the new approach based on "expected credit losses" could result in substantial additional impairment charges for the Issuer and add volatility to its regulatory capital ratios and will result in additional costs to the Issuer relating to the implementation of such rules. The economic, financial and capital adequacy related effects of the implementation of IFRS 9 are not quantifiable, and investors should be aware that implementation of the IFRS 9 may have a material adverse effect on the business, financial condition and/or results of operations of the Issuer.

#### ***Impact of events which are difficult to anticipate***

The Issuer's earnings and business may be affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, at a regional, national and international level. Each of these factors can change the level of demand for the Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer's investment and trading portfolios.

#### ***Changes in interest rates***

Changes in interest rate levels may affect the interest rate margin realised between lending and borrowing costs. The Issuer earns interest from loans and other assets and pays interest to its depositors and other creditors. The Issuer's results of operations are therefore dependent to a great extent on its net interest income, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities. This varies according to prevailing interest rates and is a significant factor in determining the profitability of the Issuer. Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by the Issuer and its net interest income, either or both of which could have a material adverse effect on the business, results of operations and financial condition of the Issuer and its obligations under the Notes.

Interest rates are highly sensitive to many factors beyond the Issuer's control, including fiscal and monetary policies of governments and central banks in the jurisdictions in which the Issuer operates. In particular, the effect of the EU's Economic and Monetary Union and the policies of the government of the Republic of Italy are significant for the Issuer and are subject to change.

#### ***Market declines and volatility***

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

#### ***Credit and market risk***

To the extent that any of the instruments and strategies used by the Issuer to hedge or otherwise manage its exposure to credit or market risk are not effective, the Issuer may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Issuer's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or

interest rates. The Issuer's financial results also depend upon how effectively the Issuer determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

### ***Protracted market declines and reduced liquidity in the markets***

In some of the Issuer's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the Issuer using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Issuer's operation results and financial condition.

In some of the Issuer's businesses, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Issuer's securities trading activities and its asset management services, as well as the Issuer's investments in and sales of products linked to the performance of financial assets.

### ***Risk management and exposure to unidentified or unanticipated risks***

The Issuer has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risks and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Issuer fails to identify or anticipate. If existing or potential customers believe that the Issuer's risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

### ***Operational risk***

The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems. Although the Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored, any failure or weakness in these systems could adversely affect the Issuer's financial performance and business activities.

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

On 29 March 2017, the UK delivered to the European Council notice of its intention to withdraw from the EU, pursuant to Article 50 of the Treaty on the European Union ("**Brexit**"). The delivery of such notice started a two - year period during which the UK is negotiating with the EU the terms of its withdrawal and of its future relationship with the EU ("**Article 50 Withdrawal Agreement**"). As part of those negotiations, a transitional period has been agreed in principle extending the application of EU law and providing for continuing access to the EU single market, until the end of 2020. The Article 50 Withdrawal Agreement proposed by the UK Prime Minister has not been ratified by the UK Parliament within the Article 50 deadline and on 29 March 2019 the UK should have been withdrawn from the EU, but on 10 April 2019 the European Council has agreed to an extension to the Brexit process until 31 October 2019. If the withdrawal agreement will be ratified before the end of October 2019, the UK will be able to exit from EU starting from the first day of the following month. However it remains uncertain whether the Article 50 Withdrawal Agreement will be finalised and ratified by the UK and the EU ahead of the new 31 October 2019 deadline. The effects of Brexit will depend, among other things, on any

relevant agreements the United Kingdom makes to retain access to European Union markets either during the transitional period or more permanently. Brexit could cause an increase in volatility in financial markets, a worsening in the terms of financing, especially in the so-called "peripheral" countries, including Italy, and consequently a possible economic slowdown. In addition, the outcome of the negotiations may significantly influence other Member States to exit the European Union and the Monetary Union with further negative consequences for the above mentioned events. Moreover, it cannot be excluded that in the European Member States, including Italy, there may be further increases in political and institutional instability, with a consequent rise in interest rates for sovereign debt. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict the access to capital also of the Issuer. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the stability of the Eurozone or the European Union and, ultimately, on the business of the Issuer.

## **Risks relating to the Notes**

### ***The Notes may not be a suitable investment for all investors***

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

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

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

### ***The Bank Recovery and Resolution Directive may affect Notes***

As described in "*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes - Changes in regulatory framework*" above, the BRRD gives wide powers to governments aimed at addressing banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. These include the so-called "bail-in tool", by which resolution authorities would have the power to write down the claims relating to the liabilities of a failing institution that are eligible for bail-in and/or to convert such liabilities into equity. In addition to the bail-in tool, the BRRD provides for additional resolution tools such as (1) the sale of business assets or shares of the entity subject to resolution; (2) the establishment of a bridging organisation; and (3) the separation of the unimpaired assets of the failing organisation from those which are deteriorated or impaired.

The BRRD has required Member States to modify their national insolvency regimes so that deposits of natural persons and micro, small and medium-sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors (as well as unsecured, subordinated creditors), such as holders of the Notes. Furthermore, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, such as holders of corporate deposits or other operating liabilities of the Issuer with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors, as well as unsecured, subordinated creditors (such as holders of the Notes). In this respect, Italian Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant to the safeguard provided for in the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and micro, small and medium-sized enterprises (which benefit from the super-priority required under Article 108 of the BRRD) will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for individual/ micro, small and medium-sized enterprises deposits exceeding the coverage limit of the deposit guarantee scheme created pursuant to Directive 2014/49/EU.

As a result, significant amounts of liabilities that previously would have ranked *pari passu* with the Senior Notes under the national insolvency regime in Italy will be ranked higher than the Notes in normal insolvency proceedings and, on application of the general bail-in tool, such creditors will be written-down or converted into equity after the Notes, meaning that holders of the Notes will therefore be subject to greater losses than the claims of such other creditors. Furthermore, the right of holders of the Notes have only very limited rights to challenge and/or seek a suspension of any decision by resolution authorities or to have it reviewed by a judicial or administrative process or otherwise.

The measures set out in the BRRD, including the bail-in tool, have already been implemented in Italy, taking effect from 1 January 2016. The powers set out in the BRRD will have a significant impact on how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. As a result, holders of the Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in their losing some or all of their investment. In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently or convert into equity capital instruments such as Subordinated Notes at the point of non-viability of the financial institution or the group and before any other resolution action is taken ("**non-viability loss absorption**"). Any shares issued to holders of Subordinated Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool. For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution (or group) meets the conditions for resolution (but no resolution action has yet been taken) or that the institution (or group) will no longer be viable unless the relevant capital instruments (such as Subordinated Notes)



are written-down or converted or extraordinary public support is to be provided. The exercise of any power under the BRRD or any suggestion of such exercise taking place could, therefore, have a material adverse effect on the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

For a description of the loss absorption requirement, see Condition 4 (*Status of Senior Notes*), Condition 5 (*Status of Senior Non-Preferred Notes*) and Condition 6 (*Status of Subordinated Notes*).

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

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

#### *Notes subject to optional redemption by the Issuer*

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

#### *Redemption for tax or regulatory reasons*

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In addition, if in the case of a particular Series of Subordinated Notes, the relevant Final Terms so specify, the Issuer may, at its option, redeem those Notes for regulatory reasons, as described in further detail in "*Regulatory classification of Subordinated Notes*" below. In such circumstances an investor may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the relevant Notes.

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

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

Key international reforms of "benchmarks" include IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the Benchmarks Regulation.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the

benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation has been in force since 1 January 2018, except that the regime for 'critical' benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the Market Abuse Regulation) have applied from 3 July 2016. The Benchmarks Regulation would apply to "contributors", "administrators" and "users of" "benchmarks" in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Benchmarks Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds.

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

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

Any of the international, national or other reforms (or 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 participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting (if listed) or other consequence in relation to Notes linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Furthermore, LIBOR is the subject of ongoing regulatory reforms. Following the implementation of any of these reforms, the manner of administration of LIBOR may change, with the result that it may perform differently than in the past or be eliminated entirely, or there could be other consequences that cannot be predicted. For example, on 27 July 2017, the United Kingdom 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 (the "FCA Announcement"). Further, on 12 July 2018 the FCA

announced that LIBOR may cease to be a regulated benchmark under the Benchmarks Regulation. The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. At this time, it is not possible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. Uncertainty as to the nature of such alternative reference rates or other reforms may adversely affect the trading market for LIBOR-linked securities. The potential elimination of benchmarks, such as LIBOR, the establishment of alternative reference rates or other reforms may require adjustments to the terms of benchmark-linked securities and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was available in its current form.

Therefore investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Notes that references to LIBOR will be determined, for the relevant period, by the fall-back provisions applicable to such Notes. This could have an adverse effect on the value or liquidity of any Floating Rate Notes which references to LIBOR, as described in further detail in "*Floating Rate Notes*" below.

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

#### *Fixed Rate Notes*

A holder of Fixed Rate Notes is exposed to the risk that the price of those Notes falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of Fixed Rate Notes is fixed during the life of such Notes or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such Notes moves in the opposite direction. If the Market Interest Rate increases, the price of such Notes typically falls, until the yield of such Notes is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of Fixed Rate Notes typically increases, until its yield is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

#### *Floating Rate Notes*

Notes with variable interest are subject to fluctuations in interest rate levels and can be volatile investments. In particular, there is no assurance that the amount of interest payable on such Notes will remain at any particular level (unless it is subject to a floor). Furthermore, if they are structured to include caps or floors, or a combination of both or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if a published benchmark, such as EURIBOR, and any page on which such benchmark may be published (or any successor service) becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the relevant Final Terms) are no longer permitted lawfully to calculate interest on any Notes by reference to such benchmark under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate, with or without an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by an independent adviser. An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the

fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of a benchmark. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a successor rate or alternative rate may nonetheless be used to determine the rate of interest. The use of a successor rate or alternative rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing a benchmark performing differently (which may include payment of a lower rate of interest) than they would if the benchmark were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, the Issuer is unable to appoint an independent advisor or the Independent Adviser appointed by it fails to determine a successor rate or an alternative rate, or, if specified in the relevant Final Terms, if this provision would cause the occurrence of a Regulatory Event, the ultimate fallback for the purposes of calculation of the rate of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an independent adviser, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

#### *CMS linked interest Notes*

The Issuer may issue Notes with interest determined by reference to a constant maturity swap rate (defined as the "CMS Rate" in "*Terms and Conditions of the Notes*"). Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the CMS Rate may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (iv) if they are structured to include caps or floors, or a combination of both or other similar related features, the effect of changes in the CMS Rate on interest payable is likely to be magnified; and
- (v) the timing of changes in the CMS Rate may affect the actual yield to investors, even if the average level is consistent with their expectations.

#### *Fixed to Floating Rate Notes or Floating to Fixed Rate Notes*

Fixed to Floating Rate Notes may bear interest at a rate which, either at the Issuer's election or otherwise, is converted from a fixed rate to a floating rate or, in the case of Floating to Fixed Rate Notes, from a floating rate to a fixed rate. The switching of the interest rate is likely to affect the market value of those Notes, since it may result in a lower rate, especially where switching occurs at the Issuer's option. If switching from a fixed rate to a floating rate occurs, the spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on

other Notes. If switching from a floating rate to a fixed rate occurs, the fixed rate may be lower than the prevailing rates of the Issuer's other Fixed Rate Notes.

#### *Fixed Rate Notes with resetting provisions*

Fixed Rate Notes may contain provisions for the resetting of their interest rate. Such Notes will initially bear interest at a particular rate of interest until (but excluding) a Reset Date. On that date and each subsequent Reset Date (if any), the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the relevant Margin as determined by the Calculation Agent on the relevant Reset Determination Date. The applicable rate of interest following any such resetting of interest could be less than the previous rate of interest and could affect the market value of an investment in those Notes.

#### *Notes issued at a substantial discount or premium*

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

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

Notes may be issued in denominations comprising (i) a minimum denomination of €100,000 or its equivalent in another currency or, in the case of Senior Non-Preferred Notes, a minimum denomination of €250,000 or its equivalent in another currency (the "**Minimum Denomination**") and (ii) amounts which are greater than the Minimum Denomination but which are integral multiples of a smaller amount (such as €1,000). Where this occurs, Notes may be traded in amounts in excess of the Minimum Denomination that are not integral multiples of the Minimum Denomination. In such a case, a holder who as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes so as to hold an amount equal to an integral multiple of the Minimum Denomination. In addition, definitive Notes which have a denomination that is not an integral multiple of the Minimum Denomination may be illiquid and difficult to trade.

#### **Senior Notes and Senior Non-Preferred Notes**

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

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

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

- (i) the original maturity period is at least equal to twelve months;
- (ii) are not derivative securities or linked to derivative securities, nor include any feature of such derivative securities;
- (iii) the minimum denomination is at least equal to Euro 250,000;
- (iv) may be offered only to qualified investors (*investitori qualificati*), as referred to in Article 100, letter a), of the Financial Services Act as implemented by Article 34-ter, first paragraph, letter b) of Regulation No. 11971/1999 and Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018; and

- (v) the prospectus and the agreements regulating the issuance of senior non-preferred securities expressly provide that payment of interests and reimbursement of principal due in respect thereof are subject to the provisions set forth in of Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law.

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

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

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

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

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

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

The Issuer's obligations in respect of the Senior Non-Preferred Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves. In the event of a winding up, dissolution, liquidation or bankruptcy (including, inter alia, *Liquidazione Coatta Amministrativa*) of the Issuer, the payment obligations of the Issuer under each Series of Senior Non-Preferred Notes, and the relative Coupons (as defined in

Condition 1) as the case may be, will rank in right of payment (i) junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms and/or by provision of law, senior to the Senior Non-Preferred Notes, and (ii) at least *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Senior Non-Preferred Notes and (iii) in priority to any subordinated instruments and to any present or future claims ranking junior to such Series of Senior Non-Preferred Notes and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, as amended from time to time, and any relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority.

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

*Senior Non-Preferred Notes are new types of instruments*

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

*Senior Non-Preferred Notes are complex instruments that may not be suitable for certain investors*

Senior Non-Preferred Notes are novel and complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Senior Non-Preferred Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Senior Non-Preferred Notes, including the possibility that the entire principal amount of the Senior Non-Preferred Notes could be lost. A potential investor should not invest in the Senior Non-Preferred Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Senior Non-Preferred Notes will perform under changing conditions, the resulting effects on the market value of the Senior Non-Preferred Notes, and the impact of this investment on the potential investor's overall investment portfolio.

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

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

Although it is the Issuer's expectation that the Senior Non-Preferred Notes qualify as "*strumenti di debito chirografario di secondo livello*" as defined under, and for the purposes of, Articles 12-*bis* and 91, section

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

In addition, the Senior Notes and Senior Non-Preferred Notes are intended to be eligible liabilities available to meet the MREL Requirements (as defined in the Conditions). However, there is uncertainty regarding the implementation of MREL Requirements as result of the EU Banking Reform, and the Issuer cannot provide any assurance that the Senior Notes or Senior Non-Preferred Notes will be or remain eligible for the purposes of the MREL Requirements.

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

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

If the Senior Notes or Senior Non-Preferred Notes are to be so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Notes or Senior Non-Preferred Notes. In addition, the occurrence of a MREL Disqualification Event could result in a decrease in the market price of the Notes. See also "*Notes subject to optional redemption by the Issuer*" above.

*Redemption and repurchase of the Senior Notes or Senior Non-Preferred Notes may be restricted*

Any redemption and repurchase of the Senior Notes and Senior Non-Preferred Notes shall be subject, where applicable, to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements); and (ii) in case of Senior Non-Preferred Notes only, Article 12-*bis* and Article 91, section 1-*bis*, letter c-*bis* of the



Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority at the relevant time.

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

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

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

*Senior Notes or Senior Non-Preferred Notes may be subject to substitution and modification without Noteholder consent*

If (i) at any time a MREL Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Senior Non-Preferred Notes, and the applicable Final Terms for the Senior Notes or Senior Non-Preferred Notes of such Series specify that Modification or Substitution of Senior Notes or Senior Non-Preferred Notes for MREL Disqualification Event is applicable, or (ii) in order to ensure the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Regulatory Authority (without any requirement for the consent or approval of the Holders of the Senior Notes or Senior Non-Preferred Notes of that Series), at any time either substitute all (but not some only) of such Senior Notes or Senior Non-Preferred Notes, or vary the terms of such Senior Notes or Senior Non-Preferred Notes so that they remain or, as appropriate, become, Qualifying Senior Notes or Senior Non-Preferred Notes, as applicable, provided that such variation or substitution does not of itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Senior Notes or Senior Non-Preferred Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to the Noteholders (as certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing) than the terms of the Senior Notes or Senior Non-Preferred Notes, as applicable. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

## **Subordinated Notes**

### *Ranking of Subordinated Notes*

If the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt (including the holders of the Senior Notes and the Senior Non-Preferred Notes) and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes. Furthermore, repayment of principal on the Subordinated Notes, whether at the Maturity Date or otherwise, is subject to the approval of the Regulatory Authority in accordance with the Applicable Banking Regulations.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated, unsecured creditors (including depositors) of the Issuer and any other subordinated obligations which rank or are expressed to rank senior to the Subordinated Notes. As a result, although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent. In addition, the market price of Subordinated Notes may be more volatile than the market prices of unsubordinated debt securities and may be more sensitive generally to adverse changes in the financial condition of the Issuer. For a full description of the provisions relating to Subordinated Notes, see Condition 6 (*Status of Subordinated Notes*).

### *Regulatory classification of the Subordinated Notes*

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as Tier II Capital, for so long as this is permitted under Bank of Italy regulations. Current regulatory practice by the Bank of Italy does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. There can be no assurance that any such Subordinated Notes will continue to qualify as Tier II Capital during the life of the Notes. If there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Applicable Banking Regulations, in part, from Tier II Capital of the Issuer, the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 11(c) (*Redemption for regulatory reasons*), subject to the prior approval of the Regulatory Authority. See also "*Redemption for tax or regulatory reasons*" above.

If the Subordinated Notes are to be so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Subordinated Notes. In addition, the occurrence of a change in the regulatory classification could result in a decrease in the market price of the Notes. See also "*Notes subject to optional redemption by the Issuer*" above.

*Subordinated Notes may be subject to loss absorption on any application of the general bail-in-tool or at the point of non-viability of the Issuer*

Investors should be aware that, in addition to the general bail-in tool, the BRRD contemplates that Subordinated Notes may be subject to a write-down or conversion into common shares at the point of non-viability. The BRRD is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the BRRD or the taking of any action under it could materially affect the value of any Subordinated Notes. Additionally, there may be material tax consequences for holders of Subordinated Notes as a result of such write-down or conversion, and holders should consult their own tax advisors regarding such potential consequences.

### *Redemption and repurchase of the Subordinated Notes may be restricted*

To the extent required by Applicable Banking Regulations, any redemption of any Series of Subordinated Notes shall be subject to prior approval of the Regulatory Authority.

The EU Banking Reform states that the Regulatory Authority would approve redemptions of the Subordinated Notes where any of the following conditions is met:

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

### *Subordinated Notes may be subject to substitution and modification without Noteholder consent*

In order to ensure the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Regulatory Authority (without any requirement for the consent or approval of the Holders of the Subordinated Notes of that Series), at any time either substitute all (but not some only) of such Subordinated Notes, or vary the terms of such Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes as applicable, provided that such variation or substitution does not of itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Subordinated Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to the Noteholders (as certified by the Issuer acting reasonably following consultation with an investment bank or financial adviser of international standing) than the terms of the Subordinated Notes. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

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

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

#### *Meetings of Noteholders*

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 18(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities at those meetings to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the relevant proposal. Modifications to the Notes that may be approved by a Noteholders' meeting include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions. Any such modification may have an adverse impact on Noteholders' rights and on the market value of the Notes.

### *Jurisdiction of proceedings related to the Notes*

Pursuant to Condition 23(d) (*Rights of the Noteholders to take proceedings outside England*) of the Terms and Conditions of the Notes, Noteholders may only take proceedings relating to any dispute arising out of or in connection with the Notes in a competent court in (i) England, (ii) any other Member State of the European Union or (iii) the jurisdiction of incorporation of the Issuer.

### *Change of law or administrative practice*

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, other than subordination and certain other provisions relating to Subordinated Notes, which are based on Italian law 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 (or, as the case may be, Italian law or administrative practice) after the date of this Base Prospectus.

### *Waiver of set-off*

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

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

The Events of Default in respect of Notes, being events upon which the holders of the Notes may declare the Notes to be immediately due and repayable, are limited to circumstances in which the Issuer becomes subject to winding-up or an analogous event as set out in Condition 14 (*Events of Default*). Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Notes, including the payment of any interest, the holders of the Notes will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it. Furthermore, investors should consider that the terms and conditions of the Notes do not provide for negative pledge provisions.

### *Reliance on Euroclear and Clearstream, Luxembourg*

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct

right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

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

Set out below is a brief description of the principal market risks with respect to an investment in the Notes.

#### *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. In addition, the Notes might not be listed on a stock exchange or admitted to trading on any securities market or other trading facility and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market price of the Notes may be adversely affected.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Issuer's results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Issuer.

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

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

#### *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:

- 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;
- 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
- notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

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

*Transfers of Notes may be restricted*

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

*Legal investment considerations may restrict certain investments*

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

## INFORMATION INCORPORATED BY REFERENCE

The following information is deemed to be incorporated in, and forms part of, this Base Prospectus:

1. the audited annual financial statements of the Issuer as at and for the year ended 31 December 2018 (in German) contained in the Issuer's 2018 Annual Report (*Der Geschäftsbericht 2018*); and
2. the audited annual financial statements of the Issuer as at and for the year ended 31 December 2017 (in German) contained in the Issuer's 2017 Annual Report (*Der Geschäftsbericht 2017*),

in each case, together with the accompanying notes and auditor's reports. Any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

The Issuer will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Base Prospectus. In addition such documents will be available, without charge, at the specified office of the Paying Agent in Luxembourg and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### Cross-reference list

The following table shows, *inter alia*, where the information required under Annex IX, paragraph 11.1 of Commission Regulation (EC) No. 809/2004 (the "**PD Regulation**") can be found in the above-mentioned documents.

### Annual financial statements

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Information contained in the documents incorporated by reference other than the information listed in the cross-reference list above is considered additional information and is not required by the relevant schedules of the PD Regulation.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus shall have the same meanings in this description.*

<b>Issuer:</b>	Cassa Centrale Raiffeisen dell'Alto Adige S.p.A.
<b>Arranger:</b>	Banca IMI S.p.A.
<b>Dealers:</b>	Banca IMI S.p.A. DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main ING Bank N.V. Raiffeisen Bank International AG  and any other Dealer appointed from time to time by the Issuer, either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal Agent:</b>	The Bank of New York Mellon
<b>Luxembourg Listing Agent:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch
<b>Approval, Listing and Admission to Trading:</b>	This Base Prospectus has been approved by the CSSF as a base prospectus pursuant to the Prospectus Directive. Application has been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading (as the case may be) on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes may also be issued which are neither listed nor admitted to trading on any market.
<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Initial Programme Amount:</b>	Up to €750,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the Issue Date, the Interest Commencement Date, the Issue Price and the amount and date of the first payment of interest may be different in respect of different Tranches and each Tranche may comprise Notes of different denominations.



**Final Terms:**

Notes issued under the Programme will be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes, together with the relevant Final Terms.

**Forms of Notes:**

Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not specified in the relevant Final Terms as a New Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is specified in the relevant Final Terms as a New Global Note will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon (as defined in Condition 2) for further Coupons.

For further information, see the section of this Base Prospectus entitled "*Forms of the Notes*".

**Currencies:**

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

**Status of the Notes:**

Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms. See Condition 4 (*Status of Senior Notes*), Condition 5 (*Status of Senior Non-Preferred Notes*) and Condition 6 (*Status of Subordinated Notes*).

(1) Status of Senior Notes:

Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application).

(2) Status of Senior Non-Preferred Notes:

Subject to the provisions of Condition 5 (*Status of Senior Non-Preferred Notes*), Senior Non-Preferred Notes and any related Coupons constitute direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer, ranking (i) junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Senior Non-Preferred Notes, and (ii) at least *pari passu* without any preferences among themselves, and with all other present or future unsubordinated and non-preferred obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Senior Non-Preferred Notes and (iii) in priority to any subordinated instruments, to any present or future claims ranking junior to such Series of Senior Non-Preferred Notes and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, as amended from time to time, and any relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority, all as described in 5(b) (*Status of Senior Non-Preferred Notes*) and the applicable Final Terms.

(3) Status of Subordinated Notes:

Subject to the provisions of Condition 6 (*Status of Subordinated Notes*), Subordinated Notes and any related Coupons constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves, all as described in Condition 6 (*Status of Subordinated Notes*) and the applicable Final Terms.

In the event of the winding up, dissolution, liquidation or bankruptcy (including *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, the payment obligations of the Issuer under each Series of Subordinated Notes and the relative Coupons will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and their respective Coupons) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer and to the claims of subordinated creditors of the Issuer holding instruments that are more subordinated than the Subordinated Notes.

**Issue Price:**

Notes will be issued on a fully paid basis and may be issued at any price, as specified in the relevant Final Terms.

**Maturities:**

Any maturity or no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In the case of Senior Non-Preferred Notes, unless otherwise permitted by current laws, regulations, directives and/or the Regulatory Authority's requirements applicable to the issue of Senior Non-Preferred Notes by the Issuer, Senior Non-Preferred Notes shall have a maturity of not less than twelve months.

Unless otherwise permitted by current laws, regulations, directives and/or the requirements of the Regulatory Authority, Subordinated Notes must have an original maturity of at least five years. If Subordinated Notes have an indefinite maturity, they may be redeemable only after five years' prior notice given to Noteholders, subject in any event to the prior authorisation of the Regulatory Authority.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do

not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the Issuer.

**Redemption Amount:**

Subject to any purchase and cancellation or early redemption or repayment, the Notes will be redeemable at par.

**Redemption:**

Subject to any purchase and cancellation or early redemption or repayment, Notes are redeemable at par as specified in the applicable Final Terms.

The redemption at maturity of Senior Notes and Senior Non-Preferred Notes pursuant to Condition 11(a) (*Scheduled Redemption*) and any early redemption pursuant to Condition 11(b) (*Redemption for Tax Reasons*), Condition 11(c) (*Redemption for Regulatory Reasons*) and Condition 11(d) (*Redemption at the Option of the Issuer*) shall be subject, where applicable, to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements).

The redemption at maturity of Subordinated Notes pursuant to Condition 11(a) (*Scheduled Redemption*) and any early redemption pursuant to Condition 11(b) (*Redemption for Tax Reasons*), Condition 11(c) (*Redemption for Regulatory Reasons*) and Condition 11(d) (*Redemption at the Option of the Issuer*) shall be subject to the prior approval of the Regulatory Authority to the extent required by and in accordance with the Applicable Banking Regulations. If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Regulatory Authority for its consent to such redemption as soon as the conditions permit. The Issuer will use its best endeavours to maintain the required regulatory capital and to obtain such approval.

**Optional Redemption:**

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Senior Notes and Senior Non-Preferred Notes only) the Noteholders to the extent (if at all) specified in the relevant Final Terms.

If the Notes are Subordinated Notes, the Optional Redemption Date (Call) must not be earlier than five years after the Issue Date. In addition, early redemption of Subordinated Notes at the option of the Issuer is subject to prior approval of the Regulatory Authority. If the Notes are Senior Non-Preferred Notes, the Optional Redemption Date (call) must not be earlier than 12 months after the Issue Date.

**Tax or Regulatory Redemption:**

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons or, in the case of Subordinated Notes, for regulatory reasons, as described in Conditions 11(b) (*Redemption for tax reasons*) and 11(c) (*Redemption for regulatory reasons*) respectively. Early redemption of Subordinated Notes will in any event be subject to the prior approval of the Regulatory Authority.

**Interest:**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination of the two. Notes bearing interest at a fixed rate may contain provisions for interest to be reset on one or more occasions by reference to a mid-market swap rate. The method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

**Benchmark Replacement:**

Condition 9(j) provides for certain fallback arrangements in the event that a Benchmark Event (as described in Condition 9(j)) occurs in relation to an Original Reference Rate at any time when the Conditions provide for any remaining Rate of Interest (or any component part(s) thereof) to be determined by reference to such Original Reference Rate. In such event, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9(j)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 9(j) (iii)), as well as any Benchmark Amendments (in accordance with Condition 9(j) (iv)). See Condition 9(j) for further information.

**Denominations:**

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note issued under the Programme will be €100,000 and, in the case of Senior Non-Preferred Notes, €250,000 (or, where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).

**Negative Pledge:**

None.

**Taxation:**

All payments in respect of Notes will be made free and clear of withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer will (subject to the exceptions set out in Condition 13 (*Taxation*)) pay such additional amounts in respect of principal for the Senior Notes and Senior Non-Preferred Notes (if permitted by the MREL Requirements) and in respect of interest for any Notes, as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

As more fully set out in Condition 13 (*Taxation*), the Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes, including circumstances where any payment, withholding or deduction is required:

- (i) pursuant to Decree No. 239 on account of Italian substitute tax, as defined therein in relation to interest or premium payable on, or other income deriving from, the Notes.
- (ii) by the provisions of U.S. federal income tax law commonly referred to as the U.S. Foreign Account Tax Compliance Act (or FATCA) as a result of a holder, a beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by English law, except for Conditions 4 (*Status of Senior Notes*), 5 (*Status of Senior Non-Preferred Notes*), 6 (*Status of Subordinated Notes*), 14 (*Events of Default*) and 24 (*Contractual Recognition of Bail-in Powers*) and any non-contractual obligations arising out of or in connection with such Conditions, which will be governed by Italian law.

**Enforcement of Notes in Global Form:**

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 16 July 2019, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

**Ratings**

Notes issued pursuant to the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Rights under the Deed of Covenant**

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the EEA, the United Kingdom, Italy, France and Japan, see "*Subscription and Sale*" below.

The Senior Non-Preferred Notes shall be distributed to qualified investors only according to Law No. 205 of 27 December 2017 (the 2018 Budget Law).

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.



## FORMS OF THE NOTES

### Introduction

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

### Eurosystem eligibility

Notes in NGN form are intended to be in a form that allows such Notes to be in compliance with requirements for their recognition as eligible collateral for monetary policy and intra-day credit operations of the central banking system for the euro (the "**Eurosystem**"), subject to certain other criteria being fulfilled (including denomination in euro and listing on an EU regulated market or on a non-regulated market accepted by the European Central Bank).

### TEFRA

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

### Temporary Global Note exchangeable for Permanent Global Note

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

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within 7 days of the bearer requesting such exchange.

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

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

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

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

Save as set out below, where interests in the Permanent Global Note are exchangeable for Definitive Notes, such Notes may only be issued in denominations which are integral multiples of their minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of: (A) in case of Senior Notes or Subordinated Notes, (1) a minimum denomination of €100,000, plus (2) integral multiples of €1,000, provided that such denominations are not less than €100,000 nor more than €199,000; (B) in case of Senior Non-Preferred Notes, (1) a minimum denomination of €250,000, plus (2) integral multiples of €1,000, provided that such denominations are not less than €250,000 nor more than €499,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

#### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without interest coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

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

payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

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

### **Permanent Global Note exchangeable for Definitive Notes**

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

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

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

Save as set out below, where interests in the Permanent Global Note are exchangeable for Definitive Notes, such Notes may only be issued in denominations which are integral multiples of their minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of: (A) in case of Senior Notes or Subordinated Notes, (1) a minimum denomination of €100,000, plus (2) integral multiples of €1,000, provided that such denominations are not less than €100,000 nor more than €199,000; (B) in case of Senior Non-Preferred Notes, (1) a minimum denomination of €250,000, plus (2) integral multiples of €1,000, provided that such denominations are not less than €250,000 nor more than €499,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

### **Terms and Conditions applicable to the Notes**

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

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

### **Legend concerning United States persons**

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

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

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

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, together with the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions relating to the Notes while in Global Form" below.*

### 1. Introduction

- (a) **Programme:** Cassa Centrale Raiffeisen dell'Alto Adige S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €750,000,000 in aggregate principal amount of notes (the "**Notes**")
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") and the terms and conditions applicable to any such Tranche are these terms and conditions (the "**Conditions**"), together with the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated issue and paying agency agreement dated 16 July 2019 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and any other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) **The Notes:** All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (e) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons if any (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:
  - "**Accrual Yield**" means the amount specified as such in the relevant Final Terms;
  - "**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
  - "**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
  - "**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy and

applicable to the Issuer or the Group (as the case may be), including, without limitation the CRD V, the BRRD, the Capital Adequacy Regulations, the Prudential Regulations for Banks and any other regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Regulatory Authority or of the institutions of the European Union, including the European Commission and the European Banking Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group, as the case may be);

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

**"BRRD"** means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, supplemented or replaced from time to time (including by Directive (EU) 2019/879);

**"Business Day"** means:

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

**"Business Day Convention"**, in relation to any particular date, means one or more of the conventions set out below and specified as being applicable to that date in the relevant Final Terms and, if so specified, may mean different conventions in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

- (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

**"Calculation Amount"** means the amount specified as such in the relevant Final Terms;

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

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

**"CMS Rate"** means 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 Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent;

**"CMS Reference Banks"** means (i) where the Reference Currency is Euro, the principal office of five major banks in the Euro-zone inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five major banks in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five major banks in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent;

**"Consolidated Banking Law"** means the *Testo Unico Bancario* or Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time, including any successor legislation;

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

**"CRD V"** means the CRD V Directive, the CRR and the CRD V Implementing Measures;

**"CRD V Directive"** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended, supplemented or replaced from time to time, including any successor regulations (including by Directive EU/2019/878);

**"CRD V Implementing Measures"** means any regulatory capital rules implementing the CRD V Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Bank of Italy, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or, if applicable, the Issuer together with its consolidated Subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or, if applicable, consolidated basis);

**"CRR"** means Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time, including any successor regulations (including by Regulation EU/2019/876);

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

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) where the Calculation Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins, divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
- (ii) if **"Actual/365"** or **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360, 360/360"** or **"Bond Basis"** is specified, the number of days in the Calculation 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30";

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

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

"**Deed of Covenant**" means the deed of covenant dated 16 July 2019 relating to the Notes executed by the Issuer, as amended or supplemented from time to time;

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

"**Designated Maturity**" means the period or periods specified as such in the relevant Final Terms;

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

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

"**Early Redemption Date**" means, for the purposes of Conditions 11(b) (*Redemption for tax reasons*) or, if applicable, 11(c) (*Redemption for regulatory reasons*), the date fixed for redemption of the Notes following the giving of notice to Noteholders, which date shall fall:

- (i) at any time if none of the interest due on such date is required to be calculated in accordance with the Floating Rate Note Provisions; or
- (ii) on any Interest Payment Date if any of the interest due on the date of redemption is required to be calculated in accordance with the Floating Rate Note Provisions;

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

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

"**EU Banking Reform**" means the amendments to the CRD V Directive, the CRR and BRRD, which have been published on the European Official Gazette on 7 June 2019 and entered into force on 27 June 2019;

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

**"Final Redemption Amount"** means, in respect of any Note, its principal amount;

**"Fixed Coupon Amount"** means the amount specified as such in the relevant Final Terms;

**"Fixed Rate Interest Period(s)"** means:

- (i) in the case of Fixed to Floating Rate Notes:
  - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Interest Commencement Date to, but excluding, the Switch Date; or
  - (B) if the relevant Final Terms specify more than one Switch Date:
    - (1) the period from, and including, the Interest Commencement Date to, but excluding, the first Switch Date; and
    - (2) each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date; or
- (ii) in the case of Floating to Fixed Rate Notes:
  - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Switch Date to, but excluding, the Maturity Date; or
  - (B) if the relevant Final Terms specify more than one Switch Date:
    - (1) the period from, and including, the first Switch Date to, but excluding, the second Switch Date; and
    - (2) following the second Switch Date, each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date;

**"Fixed Rate Note Provisions"** means the provisions contained in Condition 8 (*Fixed Rate Note Provisions*);

**"Floating Rate Interest Period(s)"** means:

- (i) in the case of Floating to Fixed Rate Notes:
  - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Interest Commencement Date to, but excluding, the Switch Date; or
  - (B) if the relevant Final Terms specify more than one Switch Date:
    - (1) the period from, and including, the Interest Commencement Date to, but excluding, the first Switch Date; and
    - (2) each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date; or
- (ii) in the case of Fixed to Floating Rate Notes:
  - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Switch Date to, but excluding, the Maturity Date; or
  - (B) if the relevant Final Terms specify more than one Switch Date:

- (1) the period from, and including, the first Switch Date to, but excluding, the second Switch Date; and
- (2) following the second Switch Date, each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date;

**"Floating Rate Note Provisions"** means the provisions contained in Condition 9 (*Floating Rate Note Provisions*);

**"Group"** means the Issuer and its Subsidiaries;

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

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

**"Interest Determination Cut-off Date"** has the meaning given in Condition 9(j);

**"Interest Determination Date"** means the date or dates specified as such in the relevant Final Terms;

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

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

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

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

**"Issue Date"** means the date specified as such in the relevant Final Terms;

**"Loss Absorption Requirement"** means the power of the Regulatory Authority to impose that Own Funds instruments or other liabilities of the Issuer or entities of the Group (as the case may be) are subject to full or partial write-down of the principal or conversion into CET1 Instruments or other instruments of ownership in accordance with Article 59 of the BRRD and the related national implementing provisions applicable to the Issuer or entities of the Group (as the case may be);

**"Margin"** means an amount expressed as a percentage, as specified in the relevant Final Terms;

**"Maturity Date"** means the date specified as such in the relevant Final Terms, provided that such date does not fall:

- (i) in the case of Senior Non-Preferred Notes, less than twelve months after the Issue Date; and
- (ii) in the case of Subordinated Notes, less than five years after the Issue Date;

**"Maximum Redemption Amount"** means, in respect of any Note, an amount specified as such in, or determined in accordance with, the relevant Final Terms;

**"Mid-Market Swap Rate"** means, for any Reset Period, the 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 (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) 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 (iii) has a floating leg based on the Reference Rate for the Mid-Swap Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

**"Mid-Market Swap Rate Quotation"** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**"Mid-Swap Maturity"** has the meaning given in the relevant Final Terms;

**"Mid-Swap Rate"** means, in relation to a Reset Determination Date and subject to the fallback provisions contained in paragraphs (iii) to (v) of Condition 8(e) (*Resetting of interest*), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Principal Financial Centre on such Reset Determination Date, all as determined by the Calculation Agent;

**"Minimum Redemption Amount"** means, in respect of any Note, an amount specified as such in, or determined in accordance with, the relevant Final Terms;

**"MREL Disqualification Event"** means that, by reason of the introduction of or a change in MREL Requirements, which was not reasonably foreseeable by the Issuer at the Issue Date of the Notes, all or part of the aggregate outstanding nominal amount of such Series of Notes are or will be excluded fully or partially from eligible liabilities available to meet the MREL

Requirements. For the avoidance of doubt: (a) the exclusion of a Series of Senior Notes or Senior Non-Preferred 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; (b) the exclusion of all or some of a Series of Senior Notes from the MREL Requirements due to there being insufficient headroom for such Senior Notes within a prescribed exception to the otherwise applicable general requirements for eligible liabilities does not constitute a MREL Disqualification Event; and (c) any exclusion shall not be 'reasonably foreseeable' by the Issuer at the Issue Date where such exclusion arises as a result of (i) any legislation implementing and/or supplementing the EU Banking Reform differing, as it applies to the Issuer and/or the Group, in any respect from the drafts of proposal for the implementation of the EU Banking Reform, if any, in place as at the Issue Date of the first Series of the Notes, or (ii) the official interpretation or application of the EU Banking Reform as applicable to the Issuer and/or the Group (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the official interpretation or application, if any, in place as at the Issue Date of the first Series of the Notes;

**"MREL Requirements"** means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the Issuer and/or the Group, from time to time, 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 and/or loss absorbing capacity instruments adopted by the Republic of Italy or the Regulatory Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer 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;

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

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

**"Optional Redemption Date (Call)"** means the date or dates specified as such in the relevant Final Terms, provided that such date does not fall:

- (i) in the case of Senior Non-Preferred Notes, less than twelve months after the Issue Date; and
- (ii) in the case of Subordinated Notes, less than five years after the Issue Date;

**"Optional Redemption Date (Put)"** means the date or dates specified as such in the relevant Final Terms;

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

**"Own Funds Instruments"** means at any time own funds instruments as interpreted and applied in accordance with the Applicable Banking Regulations;

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

**"Payment Business Day"** means:

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

**"Permitted Jurisdiction"** means any jurisdiction which, at the relevant time, is any of the following:

- (i) a Member State of the European Union; or
- (ii) the relevant jurisdiction of incorporation of the Issuer.

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

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

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Prudential Regulations for Banks"** means the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations;

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

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

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

**"Redemption Amount"** means, as appropriate:

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

**"Reference Banks"** means the financial institutions specified as such in the relevant Final Terms or, if not so specified:

- (i) for the purposes of Condition 8(e) (*Resetting of interest*), four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate, as selected by the Issuer on the advice of an investment bank of international repute;
- (ii) for the purposes of Condition 9(c) (*Screen rate determination*), four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Currency"** means the currency specified as such in the relevant Final Terms;

**"Reference Price"** means the amount specified as such in the relevant Final Terms;

**"Reference Rate"** means the rate specified as such in the relevant Final Terms;

**"Regular Period"** means:

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

**"Regulatory Authority"** means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled having supervisory powers over the Issuer) or any European Union or other supranational authority (including the European Central Bank) having primary responsibility for prudential oversight and supervision of the Issuer from time to time;



**"Regulatory Event"** is deemed to have occurred for the purposes of Condition 11(c) (*Redemption for regulatory reasons*) if:

- (i) there is a change in Applicable Banking Regulations or any change in their official application or interpretation, in each case occurring after the date of issue of the first Tranche of the relevant Series of Notes, as a result of which the relevant Subordinated Notes cease to qualify either in whole or in part as Tier II Capital of the Issuer; and
- (ii) where the Early Redemption Date falls before five years from the date of issue of the Notes, both of the following conditions are met:
  - (A) the Regulatory Authority considers such a change to be sufficiently certain; and
  - (B) the Issuer demonstrates to the satisfaction of the Regulatory Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;

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

**"Relevant Financial Centre"** means the city or cities or other geographical area or areas specified as such in the relevant Final Terms;

**"Relevant Jurisdiction"** means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes or the Coupons;

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

**"Relevant Swap Rate"** means:

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

Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

- (iii) where the Reference Currency is 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 Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms;

**"Relevant Time"** means the time specified as such in the relevant Final Terms;

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

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

**"Reset Date"** means the date or dates specified as such in the relevant Final Terms;

**"Reset Determination Date"** means, in respect of each Reset Period, the second Business Day prior to the Reset Date;

**"Reset Period"** means each period from (and including) a Reset Date to (but excluding) the next following Reset Date to (but excluding) or, if no such Reset Date is specified in the relevant Final Terms, the Maturity Date;

**"Reset Rate of Interest"** means, in respect of any Reset Period, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Margin;

**"Securitisation and Covered Bond Law"** means Italian Law No. 130 of 30 April 1999, as amended, supplemented and re-enacted from time to time, including (where applicable) any rules, regulations or other secondary legislation enacted pursuant to such law;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, any other agreement or arrangement having the effect of conferring security;

**"Senior Non-Preferred Notes"** means Notes specified in the applicable Final Terms as Senior Non-Preferred obligations and intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under, and for the purposes of, Article 12-*bis* and Article 91, section 1-*bis*, letter c-*bis* of the Consolidated Banking Law, as amended from time to time, and any

relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority;

**"Senior Note"** means a Note specified as such in the relevant Final Terms (and, for the avoidance of doubt, excludes Senior Non-Preferred Notes);

**"Specified Currency"** means the currency specified as such in the relevant Final Terms;

**"Specified Denomination(s)"** means an amount of the Specified Currency specified as such in the relevant Final Terms, subject to a minimum denomination of €100,000 (or its equivalent as at the Issue Date in other currencies);

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

**"Specified Period"** means the period specified as such in the relevant Final Terms;

**"SRM Regulation"** means the Single Resolution Mechanism established pursuant to Regulation (EU) No. 806/2014 of the European Parliament and of the Council, as amended, supplemented or replaced from time to time (including by Regulation EU/2019/877);

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

**"Subordinated Notes"** means Notes specified as such in the applicable Final Terms, being Notes intended to qualify as Tier II Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Prudential Regulations for Banks and Article 63 of the CRR;

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person which is controlled by the first Person in accordance with Article 2359, first paragraph, Nos. 1), 2) and 3) and second paragraph of the Italian Civil Code;

**"Switch Date(s)"** means:

- (i) where the Switch Option is not applicable, the date or dates that are specified as such in the relevant Final Terms; and
- (ii) where the Switch Option is applicable, the date or dates that are specified as such in the relevant Final Terms and in respect of which the Issuer has given notice of exercise of the relevant Switch Option to Noteholders at a date on which it was entitled to do so pursuant to Condition 7(e) (*Switching at the option of the Issuer*) and in accordance with Condition 20 (*Notices*);

**"Switch Option"** means, if specified as applicable in the relevant Final Terms, the option of the Issuer, at its sole discretion, on one or more occasions and subject to the provisions of Condition 7(e) (*Resetting at the option of the Issuer*) to change the interest provisions applicable to the Notes from the Fixed Rate Note Provisions to the Floating Rate Note Provisions or *vice versa*;

**"Switch Option Exercise Period(s)"** means the period or periods specified as such in the relevant Final Terms, which period shall in any event end not less than 15 days prior to the relevant Switch Date;

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

**"TARGET2"** means the Trans-European Automated real-time Gross Settlement Express Transfer payment system utilising a single shared platform and launched on 19 November 2007;

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

"**Tier II Capital**" has the meaning given to it by (i) the Regulatory Authority from time to time or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union and in force from time to time, as applicable;

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

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

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to be specified or indicated in the relevant Final Terms, but the relevant Final Terms gives no such indication or specification or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes; and
- (viii) any reference to the Deed of Covenant or the Agency Agreement shall be construed as a reference to the Deed of Covenant or, as the case may be, the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. Form, Denomination and Title

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

#### 4. Status of Senior Notes

- (a) **Application:** This Condition 4 (*Status of Senior Notes*) is applicable only to Senior Notes.
- (b) **Status of the Senior Notes:** The Senior Notes and the Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Coupons shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application, at all times rank at least equally with its other present and future unsecured and unsubordinated obligations other than obligations ranking junior to the Senior Notes from time to time (including Senior Non-Preferred Notes and any further obligations permitted by law to rank junior to the Senior Notes following the Issue Date) if any.
- (c) **Waiver:** Each holder of a Senior Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Note.

#### 5. Status of Senior Non-Preferred Notes

- (a) **Application:** This Condition 5 (*Status of Senior Non-Preferred Notes*) is applicable only to Senior Non-Preferred Notes.
- (b) **Status of the Senior Non-Preferred Notes:** Senior Non-Preferred Notes (notes intending to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under, and for the purposes of, Article 12-bis and Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority) and any related Coupons constitute direct, unconditional, unsubordinated, unsecured and non-preferred obligations of the Issuer, ranking (i) junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms and/or by provision of law, senior to the Senior Non-Preferred Notes, and (ii) at least *pari passu* without any preferences among themselves, and with all other present or future unsubordinated and non-preferred obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Senior Non-Preferred Notes and (iii) in priority to any subordinated instruments, to any present or future claims ranking junior to such Series of Senior Non-Preferred Notes and to the claims of shareholders of the Issuer, pursuant to Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law, as amended from time to time, and any relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority.
- (c) **Waiver:** Each holder of a Senior Non-Preferred Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Non-Preferred Note.

#### 6. Status of Subordinated Notes

- (a) **Application:** This Condition 6 (*Status of Subordinated Notes*) is applicable only to Subordinated Notes.
- (b) **Status of Subordinated Notes:** The Subordinated Notes constitute direct and unsecured obligations of the Issuer subordinated as described below in Condition 6(c) (*Winding-up, etc. of the Issuer*). Save as provided in Condition 6(c) (*Winding-up, etc. of the Issuer*), the Subordinated Notes rank *pari passu* without any preference among themselves. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all

amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

- (c) **Winding-up, etc. of the Issuer:** In the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa* of the Issuer), the payment obligations of the Issuer under each Series of Subordinated Notes, and the relative Coupons as the case may be, will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes, Senior Non-Preferred Notes and their respective Coupons) of the Issuer and all other creditors of the Issuer holding instruments that are less subordinated than the Subordinated Notes but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer and to the claims of creditors of the Issuer holding instruments that are more subordinated than the Subordinated Notes.
- (d) **Waiver:** Each holder of a Subordinated Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.
- (e) **Loss absorption:** The Subordinated Notes (including, for the avoidance of doubt, payments of principal and/or interest) shall be subject to the Loss Absorption Requirement, if so required under the BRRD and/or the SRM Regulation, in accordance with the powers of the Regulatory Authority and where the Regulatory Authority determines that the application of the Loss Absorption Requirement to the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

## 7. Fixed to Floating Rate or Floating to Fixed Rate Note Provisions

- (a) **Application:** This Condition 7 (*Fixed to Floating Rate or Floating to Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed to Floating Rate Note Provisions or the Floating to Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Fixed to Floating Rate Note Provisions:** If the Fixed to Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, then:
  - (i) the Fixed Rate Note Provisions shall apply to the Notes initially upon issue and in respect of the Fixed Rate Interest Period(s); and
  - (ii) the Floating Rate Note Provisions shall apply in respect of the Floating Rate Interest Period(s).
- (c) **Floating to Fixed Rate Note Provisions:** If the Floating to Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, then:
  - (i) the Floating Rate Note Provisions shall apply to the Notes initially upon issue and in respect of the Floating Rate Interest Period(s); and
  - (ii) the Fixed Rate Note Provisions shall apply in respect of the Fixed Rate Interest Period(s).
- (d) **Scheduled switching:** If the Final Terms do not specify that the Switch Option is applicable, then the switching of interest pursuant to this Condition 7 shall take effect on each Switch Date without any requirement to give notice or other formality (but without prejudice, if applicable, to Condition 9(h) (*Publications*)).
- (e) **Switching at the option of the Issuer:** If the Final Terms specify that the Switch Option is applicable, then:

- (i) the Issuer may, on one or more occasions, as specified in the relevant Final Terms, give notice to the Noteholders during the relevant Switch Option Exercise Period of the switching of interest applicable to the Notes from the Fixed Rate Note Provisions to the Floating Rate Note Provisions or *vice versa*;
- (ii) provided that notice is given to Noteholders during the relevant Switch Option Exercise Period, such notice will be irrevocable and binding on both the Issuer and the Noteholders and will take effect:
  - (A) where only one Switch Date is specified in the relevant Final Terms, from (and including) the Switch Date to (but excluding) the Maturity Date; or
  - (B) where more than one Switch Date is specified in the relevant Final Terms, from (and including) the relevant Switch Date to (but excluding) the next following Switch Date; and
- (iii) if, in relation to a date specified in the Final Terms as a Switch Date, the Switch Option is not exercised in accordance with this Condition 7(e), then such date will be deemed not to be a Switch Date for the purposes of these Conditions and the interest provisions applicable prior to such date shall continue to apply.

## 8. Fixed Rate Note Provisions

- (a) **Application:** This Condition 8 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject (if applicable) to adjustment of the Rate of Interest pursuant to Condition 8(e) (*Resetting of interest*) and subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (e) **Resetting of interest:** If the Final Terms specify the fixed note resetting provisions are applicable, the following provisions shall apply:
- (i) the Rate of Interest shall be adjusted to the relevant Reset Rate of Interest from (and including) each Reset Date to (but excluding) the next following Reset Date or, if no such Reset Date is specified in the relevant Final Terms, the Maturity Date;
  - (ii) the Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent at or as soon as practicable after each time at which the Rate of Interest is to be determined and, in the case of the Interest Amount, in accordance with Condition 8(d) (*Calculation of interest amount*);
  - (iii) if on any Reset Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question;
  - (iv) If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the Reset Rate of Interest for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the relevant Margin, all as determined by the Calculation Agent (and, for the avoidance of doubt, if such sum results in a negative amount, such amount shall be deemed to be zero);
  - (v) if on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the Reset Rate of Interest shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, as at the Interest Commencement Date;
  - (vi) the Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period, and notice thereof shall also promptly be given to the Noteholders;
  - (vii) the Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period;
  - (viii) if the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination; and
  - (ix) all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no



liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 9. Floating Rate Note Provisions

- (a) **Application:** This Condition 9 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:**
- (i) *Floating Rate Notes other than CMS Linked Interest Notes:* If, in the relevant Final Terms, Screen Rate Determination is specified as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate, then the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (A) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (B) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (C) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
- (1) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (2) determine the arithmetic mean of such quotations; and
- (D) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant

Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* (x) for the avoidance of doubt, if such sum results in a negative amount, such amount shall be deemed to be zero and (y) if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (ii) *CMS Linked Interest Notes*: If, in the relevant Final Terms, Screen Rate Determination is specified as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate, then the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula:

CMS Rate plus Margin

*provided that*, for the avoidance of doubt, if such sum results in a negative amount, such amount shall be deemed to be zero.

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

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be the CMS Rate in effect with respect to the immediately preceding Interest Period.

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

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms,

*provided that*, for the avoidance of doubt, if such sum results in a negative amount, such amount shall be deemed to be zero.

- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount during such Interest Period, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Calculation of other amounts:** If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (j) **Benchmark replacement:**

Notwithstanding the provisions above in this Condition 9, if a Benchmark Event occurs in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Rate of Interest (or any component part(s) thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

- (i) *Independent Adviser:* The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9(j) (ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 9(j) (iii)) and any Benchmark Amendments (in accordance with Condition 9(j) (iv)).

An Independent Adviser appointed pursuant to this Condition 9(j) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer.

- (ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 9(j) (iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 9(j)); or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 9(j) (iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 9(j)).
- (iii) *Adjustment Spread:* If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) 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 the Alternative Rate (as the case may be for each subsequent determination of a relevant Rate of Interest or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).
- (iv) *Benchmark Amendments:* If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 9(j) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Agency Agreement (including without limitation, amendments to the definitions of Day Count Fraction, Business Day, Relevant Screen Page, Interest Determination Date, Relevant Time, Relevant Financial Centre, Reference Banks, Principal Financial Centre, Business Day Convention or Additional Business Centre) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, and subject to the Issuer giving notice thereof in accordance with Condition 9(j) (v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 9(j) (iv), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

- (v) *Notices, etc.:* The Issuer shall notify the Paying Agents and the Calculation Agent or any other party specified in the relevant Final Terms as being responsible for calculating the Rate of Interest and, in accordance with Condition 20, the Noteholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 9(j). Such notice shall be irrevocable (save in the event of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) and shall specify the effective date of the Benchmark Amendments, if any.

Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (unless revoked) be binding on the Issuer, the Paying Agents, the Calculation Agent, any other party specified in the relevant Final Terms as being responsible for calculating the Rate of Interest, the Noteholders.

- (vi) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under the provisions of this Condition 9(j), the Original Reference Rate and the fallback provisions provided for in Condition 9(j) will continue to apply unless and until a Benchmark Event has occurred and only then once the Paying Agents and Calculation Agent or such other party specified in the relevant Final Terms, as applicable, have been notified of the Successor Rate or Alternative Rate (as the case may be) and any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable) in accordance with Condition 9(j) (v).
- (vii) *Fallbacks:* If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by it fails to determine a Successor Rate or Alternative Rate (as applicable) pursuant to this Condition 9(j) by such Interest Determination Date, or, if the provisions relating to the occurrence of a Regulatory Event in case of a Benchmark Event is specified as applicable in the relevant Final Terms, the provisions under paragraphs from (i) to (iv) above would cause the occurrence of a Regulatory Event, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

For the avoidance of doubt, this Condition 9(j) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 9(j).

(viii) *Definitions:* In this Condition 9(j):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the quantum of the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines should be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, quantum formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate or (where (A) above does not apply) in the case of a Successor Rate, the Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if the Independent Adviser determines that (A) above does not apply and no such spread, quantum formula or methodology is recognised or acknowledged as being customary market usage as referred to in (B) above) to be appropriate;

**"Alternative Rate"** means an alternative to the Reference Rate which the Independent Adviser determines in accordance with Condition 9(j) (ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) or if no such rate exists, the rate which is most comparable to the Original Reference Rate, for a comparable interest period and in the same Specified Currency as the Notes;

**"Benchmark Amendments"** has the meaning given to it in Condition 9(j) (iv);

**"Benchmark Event"** means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to be calculated, administered or published;
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i) above;

- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i) above;
- (E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i) above; or
- (F) it has become unlawful for any Paying Agent, the Calculation Agent or such other party as specified in the relevant Final Terms to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 9(j) at its own expense;

**"Original Reference Rate"** means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) on the Notes;

**"Relevant Nominating Body"** means, in respect of the Original Reference Rate:

- (A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank to which the Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is determined by the Issuer in accordance with this Condition 9 or that is formally recommended by any Relevant Nominating Body.

## 10. Zero Coupon Note Provisions

- (a) **Application:** This Condition 10 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

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

## 11. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, as provided in Condition 12 (*Payments*), and, in the case of Subordinated Notes, subject to Condition 11(g) (*Redemption of Subordinated Notes*).

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

- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer (subject, in the case of Subordinated Notes, to Condition 11(g) (*Redemption of Subordinated Notes*) and, in the case of Senior Notes and Senior Non-Preferred Notes, to Condition 11(m) (*Conditions to Redemption and Purchase of Senior Notes and Senior Non-Preferred Notes*)) in whole, but not in part, on the Early Redemption Date on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the Early Redemption Date, if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (iii) in the case of Subordinated Notes and only if the Early Redemption Date falls before five years from the Issue Date, the Issuer has demonstrated to the satisfaction of the Regulatory Authority that such change is material and was not reasonably foreseeable at the Issue Date,

(any such event, a "**Tax Event**") *provided, however, that* no such notice of redemption shall be given earlier than:

- (A) where the Notes may be redeemed at any time, 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; or



- (B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by a duly authorised legal representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b) (subject to Condition 11(g) (*Redemption of Subordinated Notes*) and to Condition 11(m) (*Conditions to Redemption and Purchase of Senior Notes and Senior Non-Preferred Notes*)).

(c) **Redemption for regulatory reasons:**

- (i) *Application:* This Condition 11(c) is applicable only to Subordinated Notes and only if this Condition 11(c) is specified as being applicable in the relevant Final Terms.
- (ii) *Redemption:* Upon occurrence of a Regulatory Event, subject to Condition 11(g) (*Redemption of Subordinated Notes*), the Notes may be redeemed on the Early Redemption Date at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Fiscal Agent and, in accordance with Condition 20 (*Notices*), the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 11(c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by a duly authorised legal representative of the Issuer stating that a Regulatory Event has occurred and describing the facts giving rise to such circumstances, and such certificate shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 11(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(c), at the Early Redemption Amount (Regulatory Event) specified in the relevant Final Terms, together (if applicable) with interest accrued to (but excluding) the Early Redemption Date.

Any redemption pursuant to this Condition 11(c) shall be subject to Condition 11(g) (*Redemption of Subordinated Notes*).

- (d) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer (subject, in the case of Subordinated Notes, to Condition 11(g) (*Redemption of Subordinated Notes*) and, in the case of Senior Notes and Senior Non-Preferred Notes, to Condition 11(m) (*Conditions to Redemption and Purchase of Senior Notes and Senior Non-Preferred Notes*)) in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

In the case of Senior Notes, the call option pursuant to this Condition 11(d) shall be subject to Condition 11(m) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 11(d) may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 11(d) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (e) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 11(d) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 11(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

In the case of Senior Notes, the partial redemption pursuant to this Condition 11(e) shall be subject to Condition 11(m) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no partial redemption in accordance with this Condition 11(e) may be exercised by the Issuer to redeem, in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the partial redemption pursuant to this Condition 11(e) shall be subject to Condition 11(g) (*Redemption of Subordinated Notes*).

- (f) **Redemption at the option of Noteholders:**

(i) **Application:** This Condition 11(f) (*Redemption at the option of Noteholders*) is applicable only if the Put Option is specified in the relevant Final Terms as being applicable but in any event does not apply to Subordinated Notes.

(ii) **Put Options:** The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(f), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit during normal business hours at the Specified Office of any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(f), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against

surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 11(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(g) **Redemption of Subordinated Notes:** Notwithstanding the foregoing provisions of this Condition 11:

- (i) *Minimum period:* Subordinated Notes shall have a Maturity Date and, if applicable, an Optional Redemption Date (Call) falling not less than five years after the Issue Date, as provided under CRR;
- (ii) *Indefinite maturity:* where Subordinated Notes have an indefinite maturity but are subject to redemption at the option of the Issuer, such Notes may only be redeemed by the giving of five years' notice from the Issuer to Noteholders;
- (iii) *Regulatory approval:* to the extent required by Applicable Banking Regulations, redemption of any Series of Subordinated Notes shall be subject to prior approval of the Regulatory Authority; and
- (iv) *No default:* failure to redeem any such Notes where such approval has not been granted shall not constitute a default for any purpose.

(h) **Issuer Call Due to a MREL Disqualification Event**

- (i) *Application:* this Condition 11(h) applies only to Notes specified in the applicable Final Terms as Senior Notes or Senior Non-Preferred Notes.
  - (ii) If Issuer Call due to MREL Disqualification Event is specified as being applicable in the applicable Final Terms, then any Series of Senior Notes or Non-Preferred Notes may (subject to the provisions of Condition 11(m) (*Conditions to Redemption and Purchase of Senior Notes and Senior Non-Preferred Notes*)) on or after the date specified in a notice published on the Issuer's website be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is neither a Floating Rate Note or a CMS Linked Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or a CMS Linked Interest Note) on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Fiscal Agent and, in accordance with Condition 20 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer determines that an MREL Disqualification Event has occurred and is continuing.
  - (iii) Upon the expiry of any such notice as is referred to in this Condition, the Issuer shall be bound to redeem the Notes in accordance with this Condition. Notes redeemed pursuant to this Condition will be redeemed at their Early Redemption Amount described in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.
- (i) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 11(i) or, if none is so specified, a Day Count Fraction of 30E/360.

In the case of Senior Notes, the call option pursuant to this Condition 11(i) shall be subject to Condition 11(m) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*).

In the case of Subordinated Notes, no call option in accordance with this Condition 11(i) may be exercised by the Issuer to redeem, in whole or in part, such Notes prior to the fifth anniversary of their Issue Date. Starting from the fifth anniversary of their Issue Date, the redemption pursuant to this Condition 11(i) shall be subject to Condition 10(g) (*Redemption of Subordinated Notes*).

- (j) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 11(a) (*Scheduled redemption*) to 11(i) (*Early redemption of Zero Coupon Notes*) above.
- (k) **Purchase:** The Issuer or any of its Subsidiaries may (but, in the case of Subordinated Notes, subject to Condition 11(g) (*Redemption of Subordinated Notes*) and, in the case of Senior Notes and Senior Non-Preferred Notes, to Condition 11(m) (*Redemption of Senior Preferred Notes and Senior Non-Preferred Notes*)) at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (l) **Cancellation:** All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.
- (m) **Redemption of Senior Notes and Senior Non-Preferred Notes**

Any redemption of the Senior Notes and Senior Non-Preferred Notes in accordance with Conditions 11(a) (*Scheduled redemption*), Condition 11(b) (*Redemption for tax reasons*), Condition 11(h) (*Issuer Call Due to a MREL Disqualification Event*), Condition 11(d) (*Redemption at the option of the Issuer*), Condition 11(e) (*Partial redemption*) and any purchase in accordance with Condition 11(k) (*Purchase*) shall be subject, to the extent such Senior Notes or Senior Non-Preferred Notes qualify at such time as liabilities that are eligible to meet the MREL Requirements or, in case of a redemption pursuant to Condition 11(h), qualified as liabilities that are eligible to meet the MREL Requirements before the occurrence of the MREL Disqualification Event, where applicable, to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by (i) the MREL Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Senior Non-Preferred Notes at such time as eligible liabilities available to meet the MREL Requirements); and (ii) in case of Senior Non-Preferred Notes only, Article 12-bis and Article 91, section 1-bis, letter c-bis of the Consolidated Banking Law, and any relevant implementing regulation which may be enacted for such purposes by any Regulatory Authority at the relevant time.

## 12. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

- (b) **Interest:** Payments of interest shall, subject to Condition 12(h) (*Payments other than in respect of matured coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 12(a) (*Principal*) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to sections 1471 to 1474 of that Code, any regulations or arrangements thereunder, official interpretation thereof or any law implementing an inter-governmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders for any payments in respect of the Notes.
- (e) **Deductions for unmatured Coupons:** If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 12(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) **Unmatured Coupons void:** If and to the extent that the relevant Final Terms specify that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(c) (*Redemption for regulatory reasons*), Condition 11(d) (*Redemption at the option of the Issuer*), 11(h) (*Issuer Call Due to a MREL Disqualification Event*), Condition 11(f) (*Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) **Payments other than in respect of matured Coupons:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 12(c) (*Payments in New York City*) above).
- (i) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

### 13. Taxation

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of the amounts of principal, in the case of Senior Notes and Senior Non-Preferred Notes (if permitted by the MREL Requirements), and interest, in the case of any Notes, as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
  - (i) in the Republic of Italy; or

- (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or
  - (iii) by a non-Italian resident entity or individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities; or
  - (iv) in relation to any payment or deduction on any interest, principal or other proceeds on account of Italian substitute tax (at the then applicable rate of tax), by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying on a business (including, but not limited to (A) partnerships, *de facto* partnerships not carrying on a business and professional associations, (B) public and private resident entities and trusts, other than companies, not carrying on a business, and (C) certain other Persons exempt from corporate income tax) or to such other Italian resident entities pursuant to Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation, as amended, supplemented and/or re-enacted from time to time ("**Decree No. 239**"); or
  - (v) in all circumstances in which the requirements and procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with, except where the Noteholder or any person acting under its instructions has not been able to comply with such requirements as a result of any actions or omissions on the part of the Issuer or its agents; or
  - (vi) 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
  - (vii) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days; or
  - (viii) by or on behalf of a Noteholder who is entitled to avoid such deduction or withholding by making a declaration of residence or non-residence or other substantially similar claim but fails to do so; or
  - (ix) in respect of Notes that are classified as atypical securities where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended, supplemented and/or re-enacted from time to time.
- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.
- (c) **FATCA:** For the avoidance of doubt, the Issuer will have no obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 if withholding is imposed under those rules as a result of the failure by any person other than the Issuer or any of its agents to establish that they are able to receive payments free of such withholding.

#### 14. Events of Default

- (a) *Application:* This Condition 14 (*Events of Default*) is applicable to Senior Notes, Senior Non-Preferred Notes and Subordinated Notes.
- (b) *Enforcement:* Without prejudice to Condition 14(c) (*Events of Default*), any holder of Notes may institute proceedings to enforce any obligation, condition or provision binding on the Issuer under such Notes *provided that* the Issuer shall not by virtue of any such proceedings, other than proceedings for the dissolution, liquidation or winding-up of the Issuer or any proceedings which under the laws of Italy have an analogous effect to any of the foregoing, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (c) *Events of Default:* If any of the following events occurs:
- (i) *Winding-up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
  - (ii) *Analogous event:* any event occurs which under the laws of Italy has an analogous effect to any of the events referred to in paragraph (i) (*Winding-up etc.*) above,
- then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.
- (d) *No other remedy:* Subject to applicable laws, no remedy against the Issuer (including the exercise of any right of set-off or any analogous event) other than as specifically provided under this Condition 14 (*Events of Default*) shall be available to holders of any of the Notes whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations in relation to the Notes or otherwise.

#### 15. Prescription

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

#### 16. Replacement of Notes and Coupons

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

#### 17. Agents

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



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

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

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

#### 18. Meetings of Noteholders; Modification

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

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

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

In addition, (i) In the case of Senior Notes or Non-Preferred Senior Notes, if at any time a MREL Disqualification Event occurs or (ii) in the case of all Notes, in order to ensure the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), then the Issuer

may, subject to giving any notice required to be given to, and receiving any consent required from, the Regulatory Authority (without any requirement for the consent or approval of the holders of the relevant Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and the holders of the Notes of that Series, 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 Senior Notes, Qualifying Senior Non-Preferred Notes or Qualifying Subordinated Notes, as applicable, 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 purposes of this Condition 18(b), "**Qualifying Senior Non-Preferred Notes**" means securities issued by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior Non-Preferred Notes (as reasonably determined by the Issuer) than the terms of the Senior Non-Preferred Notes, and they shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for own funds and eligible liabilities under the then applicable MREL Requirements; (B) include a ranking at least equal to that of the Senior Non-Preferred Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes; (D) have the same redemption rights as the Senior Non-Preferred Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Non-Preferred Notes immediately prior to such variation or substitution; (F) continue to constitute legal, valid, binding and enforceable obligations of the Issuer as confirmed by a legal opinion addressed to the Issuer from a lawyer or firm of lawyers of recognized standing in the jurisdiction where the Issuer is incorporated, delivered to the Fiscal Agent which shall make it available to the Noteholders at its Specified Office; and
- (ii) are listed on a recognised stock exchange if the Senior Non-Preferred Notes were listed immediately prior to such variation or substitution.

For the purposes of this Condition 18(b), "**Qualifying Senior Notes**" means securities issued by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Senior Notes (as reasonably determined by the Issuer) than the terms of the Senior Notes, and they shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the Group's (as applicable) minimum requirements for own funds and eligible liabilities under the then applicable MREL Requirements; (B) include a ranking at least equal to that of the Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Notes; (D) have the same redemption rights as the Senior Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Notes immediately prior to such variation or substitution; (F) continue to constitute legal, valid, binding and enforceable obligations of the Issuer as confirmed by a legal opinion addressed to the Issuer from a lawyer or firm of lawyers of recognized standing in the jurisdiction where the Issuer is incorporated, delivered to the Fiscal Agent which shall make it available to the Noteholders at its Specified Office; and
- (ii) are listed on a recognised stock exchange if the Senior Notes were listed immediately prior to such variation or substitution.

For the purposes of this Condition 18(b), "**Qualifying Subordinated Notes**" means securities issued by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 24 (*Contractual Recognition of Bail-in Powers*), have terms not materially less favourable to a holder of the Subordinated Notes (as reasonably determined by the Issuer) than the terms of the Subordinated Notes, and they shall also (A) comply with the then current requirements of the Applicable Banking Regulations in relation to Tier II Capital; (B) include a ranking at least equal to that of the Subordinated Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (D) have the same redemption rights as the Subordinated Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution; (F) continue to constitute legal, valid, binding and enforceable obligations of the Issuer as confirmed by a legal opinion addressed to the Issuer from a lawyer or firm of lawyers of recognized standing in the jurisdiction where the Issuer is incorporated, delivered to the Fiscal Agent which shall make it available to the Noteholders at its Specified Office; and
- (ii) are listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation or substitution.

Any variation of the Conditions and the Agency Agreement to give effect to the Benchmark Amendments in accordance with Condition 9(j) shall not require the consent or approval of Noteholders.

#### 19. Further Issues

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

#### 20. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper having general circulation in Europe (which is expected to be the *Financial Times*) and, if the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of that exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### 21. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of

any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

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

## 22. Rounding

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

## 23. Governing Law and Jurisdiction

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes, are governed by, and shall be construed in accordance with, English law, except for Conditions 4 (*Status of Senior Notes*), 5 (*Status of Senior Non-Preferred Notes*), 6 (*Status of Subordinated Notes*), 14 (*Events of Default*) and 24 (*Contractual Recognition of Bail-in Powers*) and any non-contractual obligations arising out of or in connection with such Conditions, which shall be governed by and construed in accordance with Italian law.
- (b) **English courts:** The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) **Appropriate forum:** The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) **Rights of the Noteholders to take proceedings outside England:** Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("**Proceedings**") in any other courts in any Permitted Jurisdiction and (ii) concurrent Proceedings in any number of Permitted Jurisdictions.
- (e) **Process agent:** The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to The London Law Agency Limited, Collingham House, 6-12 Gladstone Road, Wimbledon, London SW19 1QT or, if different, its registered office for the time being or at any address of the Issuer in the United Kingdom at which process may be served on it in accordance with the procedures set out in the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall appoint a further Person in England to accept service of process on its behalf. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

## 24. Contractual Recognition of Bail-In Powers

- (a) By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Bail-in Power. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Relevant Resolution Authority.
- (b) Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this clause.
- (c) The exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.
- (d) 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 Bail-in Power to the Notes.
- (e) As used in this Condition:

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

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

**"Relevant Resolution Authority"** means the Italian resolution authority, the Single Resolution Board (SRB) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Bail-in Power from time to time.

**"Resolution Power"** means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of

the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**MIFID II Product Governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

Final Terms dated [ ]

### **CASSA CENTRALE RAIFFEISEN DELL'ALTO ADIGE S.p.A.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the**

**€750,000,000**

**Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 16 July 2019 [and the supplement[s] to the Base Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address].

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

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

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
2. If the Notes are fungible with an existing Series:
  - (i) Details of existing Series: [The Notes are to be consolidated and form a single Series with *[identify earlier Tranches]* issued by the Issuer on *[issue dates of earlier Tranches]* (the "**Existing Notes**") / Not Applicable]
  - (ii) Date on which the Notes will be consolidated and form a single Series: [Issue Date / Upon exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 (*Form of Notes*) below, which is expected to occur not earlier than *[date]* (the "**Exchange Date**") / Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*if applicable*)]
6. (i) Specified Denominations: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ]].  
 (as referred to in Condition 3 (*Form, Denomination and Title*))  
 (*The minimum denomination of Notes is €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency as at the Issue Date). In the case of Senior Non-Preferred Notes, Notes must have a minimum denomination of €250,000 (or equivalent)*)



- (ii) Calculation Amount: [ ]  
(as referred to in Conditions 8(d) (Calculation of Interest Amount) and 9(f) (Calculation of Interest Amount))  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date (if different from the Issue Date): [Specify/Issue Date/Not Applicable]
8. Maturity Date: [The Interest Payment Date falling in or nearest to] [ ] *(For Floating Rate Notes, specify the relevant month and year. Otherwise, specify a date.)*  
*(Subordinated Notes must have a minimum maturity of five years.)*  
*(If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the Financial Services and Markets Act 2000 must be available.)*
9. Interest Basis: [( ] per cent Fixed Rate [subject to resetting on [the / each] Reset Date]] / [(Specify Reference Rate] +/- [ ] per cent Floating Rate] / [Fixed to Floating Rate Note Provisions] / [Floating to Fixed Rate Note Provisions] / [Zero Coupon]  
(further particulars specified in paragraph [14/15/16/17/18] below)
10. Change of Interest Basis: [Applicable (see paragraph [14 (Fixed to Floating Rate Note Provisions) / 15 (Floating to Fixed Rate Note Provisions)] / Not Applicable)]

11. Redemption/Payment Basis Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at  $[\bullet]/[100]$  per cent. of their nominal amount.
12. Put/Call Options:  
 (as referred to in Conditions 11(c) *(Redemption for regulatory reasons)* to (h) *(Issuer Call Due to a MREL Disqualification Event)*)  
 [Investor Put  
 (further particulars specified in paragraph 20 below)] /  
 [Issuer Call  
 (further particulars specified in paragraph 18 below)] /  
 [Issuer Call due to MREL Disqualification Event  
 (further particulars specified in paragraph 21 below)]  
 [Not Applicable]
13. Status of the Notes: [Senior/Senior Non-Preferred/Subordinated] Notes

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed to Floating Rate Note Provisions**  
 (as referred to in Condition 7(b) *(Fixed to Floating Rate Note Provisions)*) [Applicable. See also paragraphs 15 *(Fixed Rate Note Provisions)* and 16 *(Floating Rate Note Provisions)* / Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Switch Option: [Applicable/Not Applicable]
- (ii) Switch Option Exercise Period: *[(Insert start and end dates or specify maximum and minimum number of days prior to Switch Date. The end date must be at least 15 days prior to the Switch Date) / Not Applicable]*
- (iii) Switch Date(s): [Subject to exercise of the Switch Option,] [ ]  
*(Delete the reference to the Switch Option if subparagraph (i) above is not applicable)*
15. **Floating to Fixed Rate Note Provisions**  
 (as referred to in Condition 7(c) *(Floating to Fixed Rate Note Provisions)*) [Applicable. See also paragraphs 15 *(Fixed Rate Note Provisions)* and 16 *(Floating Rate Note Provisions)* / Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Switch Option: [Applicable/Not Applicable]
- (ii) Switch Option Exercise Period: *[(Insert start and end dates or specify maximum and minimum number of days prior to Switch Date. The end date must be at least 15 days prior to the Switch Date) / Not Applicable]*

- (iii) Switch Date(s): [Subject to exercise of the Switch Option,] [ ]  
 (Delete the reference to the Switch Option if sub-paragraph (i) above is not applicable)
16. **Fixed Rate Note Provisions**  
 (as referred to in Condition 8  
 (Fixed Rate Note Provisions)) [Applicable / [Applicable in respect of the Fixed Rate Interest Period[s] (Only use this wording if the Fixed to Floating or Floating to Fixed Rate Note Provisions apply)] / Not Applicable]  
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear, subject to resetting on [the / each] Reset Date]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with the Business Day Convention] (N.B. This will need to be amended in the case of any long or short coupons.)
- (iii) Business Day Convention: [Floating Rate Convention/FRN Convention/ Eurodollar Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No adjustment]
- (iv) Additional Business Centre(s): [Not Applicable / Applicable (indicate relevant city/cities)]
- (v) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (vi) Broken Amount(s): [[ ] per Calculation Amount, payable on [the Interest Payment Date falling in] [ ] / Not Applicable]
- (vii) Day Count Fraction: [Actual/Actual (ICMA)]/  
 [Actual/365]/[Actual/Actual (ISDA)]/  
 [Actual/365(Fixed)]/  
 [Actual/360]/  
 [30/360]/[360/360]/[Bond Basis]/  
 [30E/360]/[Eurobond Basis]/  
 [30E/360 (ISDA)]
- (vii) Fixed note resetting provisions: [Applicable / Not Applicable]  
 (If not applicable, delete the remaining text of this sub-paragraph (vii))
- Reset Date(s): [ ]
  - Mid-Swap Rate: [Single Mid-Swap Rate / Mean Mid-Swap Rate]
  - Mid-Swap Maturity: [ ]

- Relevant Screen Page: [ ]
- Margin(s): [ +/- ] [ ] per cent. per annum
- Reference Rate: [Specify reference rate. For example, LIBOR or EURIBOR]

**17. Floating Rate Note Provisions**

(as referred to in Condition 9 (*Floating Rate Note Provisions*))

[Applicable / [Applicable in respect of the Floating Rate Interest Period[s] (*Only use this wording if the Fixed to Floating or Floating to Fixed Rate Note Provisions apply*)] / Not Applicable]

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

(i) Specified Period(s):

[Not Applicable / (*Specify period*)]

*("Specified Period" and "Interest Payment Dates" are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*

(ii) Interest Payment Dates:

[Not Applicable / (*Specify dates*)]

*("Specified Period" and "Interest Payment Dates" are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable". Otherwise, specify the dates.)*

(iii) Business Day Convention:

[Floating Rate Convention/FRN Convention/  
Eurodollar Convention/  
Following Business Day Convention/  
Modified Following Business Day Convention/  
Preceding Business Day Convention/  
No adjustment]

(iv) Additional Business Centre(s):

[Not Applicable / Applicable (*indicate relevant city/cities*)]

(v) Manner in which the Rate(s) of Interest is/are to be determined:

[Screen Rate Determination/ISDA Determination]

(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent):

[[Name] shall be the Calculation Agent /  
Not Applicable]  
*(Specify "Not Applicable" if the Fiscal Agent is to perform this function)*

(vii) Screen Rate Determination:

[Applicable / Not Applicable]

*(If not applicable, delete the remaining text of this sub-paragraph (vii).)*

– Reference Rate:

[Specify reference rate. For example, LIBOR or EURIBOR or CMS Rate]

- Relevant Screen Page: [Specify screen page. For example, Reuters page EURIBOR01]  
*(Where the CMS Rate is the Reference Rate, specify relevant screen page and any applicable headings and captions)*
- Interest Determination Date(s): [ ]  
*(Where the CMS Rate is the Reference Rate and the Reference Currency is euro): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]*  
*(Where the CMS Rate is the Reference Rate and the Reference Currency is other than euro): [Second [specify type of day] prior to the start of each Interest Period]*
- Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
- Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- [Reference Currency:] [ ]  
*(only relevant where the CMS Rate is the Reference Rate)*
- [Designated Maturity:] [ ]  
*(only relevant where the CMS Rate is the Reference Rate)*
- [Provisions relating to the occurrence of a Regulatory Event in case of a Benchmark Event:] [Applicable/Not Applicable]
- (viii) ISDA Determination: [Applicable / Not Applicable]  
*(If not applicable, delete the remaining text of this sub-paragraph (viii).)*
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (ix) Margin(s): [+/-][ ] per cent. per annum
- (x) Minimum Rate of Interest: [Not Applicable]/[ ] per cent. per annum
- (xi) Maximum Rate of Interest: [Not Applicable]/[ ] per cent. per annum

(xii) Day Count Fraction: [30E/360]/[Eurobond Basis]/  
 [Actual/Actual (ICMA)]/  
 [Actual/365]/[Actual/Actual (ISDA)]/  
 [Actual/365(Fixed)]/  
 [Actual/360]/  
 [30/360]/[360/360]/[Bond Basis]/  
 [30E/360 (ISDA)]

**18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
 (as referred to in Condition 10 (*Zero Coupon Note Provisions*)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

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

(ii) Reference Price: [ ]

(iii) Day Count Fraction: [Actual/Actual (ICMA)]/  
 [Actual/365]/[Actual/Actual (ISDA)]/  
 [Actual/365(Fixed)]/  
 [Actual/360]/  
 [30/360]/[360/360]/[Bond Basis]/  
 [30E/360]/[Eurobond Basis]/  
 [30E/360 (ISDA)]

**PROVISIONS RELATING TO REDEMPTION**

**19. Call Option** [Applicable/Not Applicable]  
 (as referred to in Condition 11(d) *(Redemption at the option of the Issuer)*) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s) (Call): [ ]  
*(If the Notes are Subordinated Notes, the Optional Redemption Date (Call) must not be earlier than five years after the Issue Date.)*

(ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount

(iii) If redeemable in part:  
 (a) Minimum Redemption Amount: [ ] per Calculation Amount  
 (b) Maximum Redemption Amount: [ ] per Calculation Amount

20. **Regulatory Call**  
(as referred to in Condition 11(c)  
*(Redemption for regulatory reasons)*) [Condition 11(c) is applicable/Not Applicable]  
*(If the Notes are not Subordinated Notes, insert "Not Applicable".)*
21. **Put Option**  
(as referred to in Condition 11(f)  
*(Redemption at the option of Noteholders)*) [Applicable/Not Applicable]  
*(If the Notes are Subordinated Notes, insert "Not Applicable". If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Optional Redemption Date(s) (Put): [ ]
- (ii) Optional Redemption Amount(s) (Put) [ ] per Calculation Amount  
and method, if any, of calculation of  
such amount(s):
22. **Issuer Call due to MREL Disqualification Event:** [Applicable]/[Not Applicable]  
*(Only relevant in the case of Senior Non-Preferred Notes)*
- (a) Notice period for Condition 11(h)  
*(Issuer Call Due to a MREL Disqualification Event):* [Minimum period: [•] days  
Maximum period: [•] days]  
*(Please consider that not less than the minimum period nor more than maximum period of notice has to be sent to the Fiscal Agent and, in accordance with Condition 20, the Noteholders)*  
*(N.B. When setting notice periods, 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)*
- (b) Early Redemption Amount payable on redemption upon the occurrence of a MREL Disqualification Event as contemplated by Condition 11(h)  
*(Issuer Call Due to a MREL Disqualification Event):* [•] per Calculation Amount/[•]

**23. Early Redemption Amount / Early Termination Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation or regulatory reasons or Early Termination Amount on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

(as referred to in Conditions 11(b) (Redemption for tax reasons) and (c) (Redemption for regulatory reasons) and 14 (Events of Default))

[Not Applicable / [ ] per Calculation Amount]

*(Select "Not Applicable" if the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory Event) and the Early Termination Amount are the principal amount of the Notes. Otherwise, specify the Early Redemption Amount (Tax) and/or Early Redemption Amount (Regulatory Event) and/or the Early Termination Amount if different from the principal amount of the Notes)*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:  
(as referred to in "Forms of the Notes" on pages 41 to 44 of the Base Prospectus)

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

[Temporary Global Note exchangeable for Definitive Notes.]

[Permanent Global Note exchangeable for Definitive Notes [on 30 days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]].

25. New Global Note:

[Yes/No]

26. Additional Financial Centre(s) or other special provisions relating to Payment Dates:  
(as referred to in the definition of "Payment Business Day" in Condition 2(a) (Definitions) and described in Condition 12(g) (Payments on business days))

[Not Applicable/indicate relevant city/cities]

*(Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(iv) and 16(iv) relate.)*

27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):  
(as referred to in Condition 3 (Form, Denomination and Title))

[No / Yes, if the [Temporary/Permanent] Global Notes is exchanged for Definitive Notes on or before [relevant Interest Payment Date].]

*(Select "Yes" if the Notes have more than 27 coupon payments, in which case the "relevant date" will be the 27th Interest Payment Date prior to the final Interest Payment Date.)*

28. Modification or Substitution of Subordinated Notes for Regulatory Event/Tax Event:

[Applicable]/[Not Applicable] in relation to [Regulatory Event/Tax Event]



29. Modification or Substitution of Senior Non-Preferred Notes for MREL Disqualification Event:

[Applicable]/[Not Applicable]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange / [ ] (*specify other place of listing*) / Not Applicable]
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading on the [regulated market of the Luxembourg Stock Exchange / [ ] (*specify other securities market*)] with effect from [ ].] / [Not Applicable.]
- [The Existing Notes are already admitted to trading on the [regulated market of the Luxembourg Stock Exchange / [ ] (*specify other securities market*).] (*Insert wording in this second sub-paragraph only if the Notes are fungible with an existing Series and are admitted to trading on a securities market.*)
- (iii) Estimate of total expenses related to admission to trading: [Specify amount] / [Not Applicable] (*Specify "Not Applicable" only if the Notes are not being admitted to trading on any EEA regulated market.*)

### 2. RATINGS

- Ratings: (*Insert the following paragraph where the Notes are to be specifically rated.*)
- [The Notes to be issued [have been/are expected to be] rated as follows:
- [Moody's: [ ]]  
[[Other]: [ ]]]
- (*Insert the following paragraph where the Notes are not to be specifically rated*)
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
- [Moody's: [ ]]  
[[Other]: [ ]]]
- [Name of rating agency/ies] [is/are] established in the EEA and registered under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").
- The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website (<http://www.esma.europa.eu/page/List->

*registered-and-certified-CRAs#*) a list of credit rating agencies registered in accordance with the CRA Regulation. This list must be updated by ESMA within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation.

3. **AUTHORISATIONS**

[Date [Board] approval for issuance of Notes obtained: [ ] [and [ ]], respectively]  
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

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

[Not Applicable / (*give details*)]

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

"Save for any fees payable to the Dealers and save as discussed in the section of the Base Prospectus entitled "General Information", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.")

*(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 16 of the Prospectus Directive.)*

5. **YIELD**

Indication of yield: [Not Applicable / (*Insert percentage*)]  
(*State "Not Applicable" if the Notes are not Fixed Rate Notes.*)

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

[(i) Reasons for the offer [•]  
*(See ["Use of Proceeds"] wording in [Base] Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(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.)*

[(iii) Estimated total expenses: [•]  
*[Include breakdown of expenses]*

**[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/ *replicate other as specified in the Conditions*] rates can be obtained from [Reuters].]

6. **THIRD PARTY INFORMATION**

[Not Applicable / [ ] 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.]

7. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not applicable/*give names*]
- (iii) Name of Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (iv) If non-syndicated, name of Dealer: [Not applicable/*give name*]
- (v) U.S. selling restrictions: Reg. S compliance category [1/2/3]; TEFRA [C/D/not applicable]
- (vi) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]  
*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)*

8 **BENCHMARKS**

Details of benchmarks administrators and registration under Benchmarks Regulation: *[[specify benchmark]* is provided by *[administrator legal name]*. As at the date hereof, *[administrator legal name]* *[appears]/[does not appear]* in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. *[As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [administrator legal name] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[Not Applicable]*

9. **OPERATIONAL INFORMATION**

*(Select one of the two options below if the Notes are fungible with an existing Series.)*

[The Notes have the following temporary ISIN and temporary common code assigned to them:

Temporary ISIN:  [ ]

Temporary Common Code:  [ ]

The Notes are to be consolidated and form a single series with the Existing Notes on the Exchange Date, following which the Notes will have the same ISIN and common code assigned to the Existing Notes, namely:]

[The Notes are to be consolidated and form a single series with the Existing Notes immediately upon issue and, accordingly, will have the same ISIN and common code assigned to the Existing Notes, namely:]

*(Delete both of the above options if the Notes are not fungible with an existing Series.)*

ISIN:  [ ]

Common Code:  [ ]

[FISN:  [ ]

[CFI Code:  [ ]

Delivery  Delivery [against/free of] payment

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg 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 satisfaction of the Eurosystem eligibility criteria.] *(If "Yes" is selected, the Notes must be issued in NGN form.)*

[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 Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):

[Not Applicable/*give name(s), address(es) and number(s)*]

Names and addresses of additional Paying Agent(s) (if any):

[Not Applicable/*give name(s) and address(es)*]

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Clearing System Accountholders**

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### **Exchange of Temporary Global Notes**

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within seven days of the bearer requesting such exchange.

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

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 16 July 2019 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Exchange of Permanent Global Notes**

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

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to



the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system.

### **Conditions applicable to Global Notes**

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that, in respect of a CGN, the same is noted in a schedule thereto and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Condition 11(f) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 11(d) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg, at their discretion, as either a pool factor or a reduction in principal amount).

*Noteholders' meetings:* Notwithstanding Condition 18(a) (*Meetings of Noteholders*) and as provided under the Agency Agreement, so long as at least the relevant fraction of the aggregate principal amount of the outstanding Notes that constitutes a quorum is represented by a Global Note, a single proxy representing the holder thereof shall be deemed to be two Persons for the purpose of forming a quorum.

*Payment Business Day:* Notwithstanding the definition of "Payment Business Day" in Condition 2(a) (*Definitions*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary or safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Payment Business Day**" means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of

the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## DESCRIPTION OF THE ISSUER

### Introduction and History

Cassa Centrale Raiffeisen dell'Alto Adige S.p.A., also known by its German corporate name Raiffeisen Landesbank Südtirol AG (the "**Issuer**"), was originally incorporated on 14 June 1973 by a group of 18 co-operative banks and co-operative companies, with a nominal share capital of 500,000,000 Italian lire (approximately €258,000).

The Issuer is incorporated in and operates under the laws of Italy as a company limited by shares (*società per azioni*) and is registered with the Companies' Register (*Registro delle Imprese*) of the Chamber of Commerce of Bolzano, Italy, under registration number 00194450219. It is also registered with the register of banks (*albo delle banche*) held by Bank of Italy under registration number 3493.4. Its registered office and headquarters is at Via Laurin 1, 39100 Bolzano, Italy and its telephone number is +39 0471 946511. As specified in its By-laws (*Statuto*), the Issuer has a duration until 31 December 2050, which may be extended by a resolution passed at an extraordinary shareholders' meeting.

The Issuer is the central bank for 41 (as at 31 December 2018) local co-operative banks (*Casse Raiffeisen* or "**Raiffeisen Banks**"), which are present with 174 branches in the territory known as South Tyrol (*Südtirol* in German or *Alto Adige* in Italian), which is one of the two autonomous provinces of the Trentino-Alto Adige/Südtirol region in north-eastern Italy ("**Alto Adige**"). According to its By-laws, the Issuer acts as a supporting structure within the Raiffeisen co-operative financial network (the "**Raiffeisen Network**"), a leading network in the banking market in Alto Adige. The Issuer's services are offered to supplement those already offered by Raiffeisen Banks and enable them to develop their own different banking operations. The objective of the Issuer is to promote and strengthen the Raiffeisen Banks and thereby increase their market share. In particular, the Issuer supports and coordinates the activities of the Raiffeisen Banks on the credit and financial markets by providing advisory and operational assistance in the affluent Alto Adige with its mixed German and Italian speaking population.

### Reform of the Italian cooperative banks – the Raiffeisen IPS

Following the enactment of Law No. 49 of 8 April 2016 providing for the reform of the Italian credit cooperative banks, the Issuer notified the Bank of Italy in September 2017 of its intention to establish a cooperative banking group with the Raiffeisen Banks of which it would have been the parent company.

Due to a change in the law on 17 December 2018 (Law No. 136), the Raiffeisen Banks (the Issuer's shareholders) obtained the possibility to choose between the creation of a cooperative banking group or an institutional protection scheme ("**IPS**") according to article 113, paragraph 7 of the CRR.

In December 2018 the Raiffeisen Banks opted for an IPS, which the Issuer also decided to join.

According to the project plan, the preparatory work and the organisational set up have already started in order to submit the application for the creation of the IPS for the Raiffeisen banks and the Issuer (the "**Raiffeisen IPS**") to the Bank of Italy.

The operational implementation is planned for the second half of 2019, before the launch in 2020. It has already been decided that the IPS will be run by a newly established cooperative entity.

### Business Overview and Principal Markets

The Issuer's principal businesses range from supporting to coordinating the activities of the Raiffeisen Banks on the credit and financial markets. The Issuer provides accounting, risk management and clearing services to its shareholders and supports them with the structuring and managing of pool financings through a specific credit department of the Issuer. The Issuer also acts as a traditional

commercial bank through a specific office which is used as point of contact for business and private customers.

The area of Alto Adige comprises the province of Bolzano, which is an autonomous entity within the autonomous region of Trentino-Alto Adige and enjoys a high degree of political and financial autonomy from the Italian central government. As a result, the local economy benefits from generous public funding and a high degree of self-government, especially in areas such as budgeting and public spending. Its geographical location at the crossroads of the affluent regions of Trentino-Alto Adige, Veneto and Friuli Venezia Giulia in north-eastern Italy, Tyrol in Austria and Bavaria in southern Germany has also contributed to the development of a healthy economy based on tourism, industry and agriculture. The economy of the province of Bolzano has generally performed better than the national average in Italy, with lower unemployment (2.9 per cent. in 2018 in comparison to the Italian average of 10.6 per cent.) and an inflation rate, in terms of annual average rate of change, of 1.7 per cent. in 2018 (compared to 1.1 per cent nationwide) (*Source:* For national figures, ISTAT (*Istituto Nazionale di Statistica* or the Italian National Statistics Office) and, for provincial figures, ASTAT (*Istituto Provinciale di Statistica* or the Provincial Statistics Office of the Autonomous Province of Bolzano)). This is also reflected by a high standard of living and high household savings rates.

As at 31 December 2018, the Alto Adige banking sector comprised 49 banks (*Source:* Banks and Financial Institutions: Branch Network – Year 2018). This figure includes 41 Raiffeisen Banks which are shareholders of the Issuer, Banca Popolare dell'Alto Adige S.p.A. or, in German, Südtiroler Volksbank ("**BPAA**"), Cassa di Risparmio di Bolzano S.p.A. or, in German, Südtiroler Sparkasse AG ("**CR Bolzano**"), and five national banks. The following table shows the Raiffeisen Network's market share in terms of loans in the province of Bolzano from 2006 to 2017 (*Source:* Bank of Italy research published by its Trento and Bolzano branches in June 2018).

*Market shares of loans in Province of Bolzano<sup>(1)</sup>*

Year	Share of loans	
	<b>Raiffeisen Banks<sup>(2)</sup></b>	<b>Other banks</b>
	<i>(percentage values)</i>	
2006	38.3	61.7
2007	37.0	63.0
2008	37.4	62.6
2009	38.2	61.8
2010	38.9	61.1
2011	41.0	59.0
2012	41.7	58.3
2013	43.1	56.9
2014	43.0	57.0
2015	42.0	58.0
2016	43.4	56.6
2017	44.0	56.0

<sup>(1)</sup> Data relating to the end of the relevant period and based on the residence of the counterparty. Loans include repos and non-performing loans.

<sup>(2)</sup> Including Raiffeisen Banks and the relevant central bank (i.e. the Issuer).

The bilingual status of Alto Adige provides a natural barrier to banks outside this area, which explains the relatively limited presence of the largest Italian banks, as well as of neighbouring foreign banks. As a result, the main competitors to the Issuer are CR Bolzano and BPAA.

## Share Capital and Shareholders

As at 31 December 2018, the Issuer's share capital amounted to €200,000,000, comprising 200,000,000 ordinary shares of €1.00 each.

The Issuer is not owned or controlled, either directly or indirectly, by any natural or legal persons, either singly or acting together, including any of the Raiffeisen Banks. As at the date of this Base Prospectus, the Issuer has 68 shareholders, of which 41 are Raiffeisen Banks holding 99.6829 per cent. of the Issuer's ordinary shares.

The following table shows the principal shareholders of the Issuer as at the date of this Base Prospectus.

Shareholder	Shareholding	
	(No. of shares)	(%)
Raiffeisen Banks	199,365,763	99.6829
Others (co-operative companies)	634,237	0.3171
Own shares	-	-
<b>Total</b>	<b>200,000,000</b>	<b>100</b>

## Capital increase

At the extraordinary shareholder meeting of 15 October 2018, the Issuer's Board of Directors has been delegated to carry out a share capital increase in one or more tranches for a maximum amount of EUR 50,000,000 (fifty million) within five years from the date of the resolution.

On 11 June 2019 the Board of Directors decided to carry out within the current year a share capital increase of EUR 25,000,000 (twenty-five million), from EUR 200,000,000 (two hundred million) to EUR 225,000,000.00 (two hundred twenty-five million), by issuing 25,000,000 ordinary shares with a nominal value of EUR 1.00 (one) per share.

The capital increase will be carried out through cash payments by the Issuer's shareholders in proportion to their existing shareholdings. In the event that one or more shareholders do not exercise their subscription rights, the unsubscribed share capital will be offered for subscription to the other shareholders in proportion to their existing shareholdings. The deadline for exercising the subscription right has been set on 31 October 2019. The deadline for subscribing the capital increase has been set on 30 November 2019.

## Shareholdings in Other Companies

The Issuer has joint control of Casse Rurali Raiffeisen Finanziaria S.p.A. (50 per cent. owned) and significant influence over AlpenBank AG (49.99 per cent. owned) and Raiffeisen Servizi Assicurativi (30 per cent. owned). Casse Rurali Raiffeisen Finanziaria S.p.A. in turn holds 35.21 per cent. of Mediocredito Trentino-Alto Adige S.p.A., while AlpenBank AG is a private bank operating in Alto Adige, Austria and Bavaria. The Issuer has no other significant shareholdings in other companies.

## Strategy

The multi-year strategic planning of the Issuer is focused on the areas described below.

The strategy of the Issuer as central bank of the local Raiffeisen Banks is focused on safeguarding the interests and pinpointing the needs of the Raiffeisen Banks, as well as on continuously improving the services and products on offer. It aims to achieve this through a continuous streamlining of all processes and procedures used from time to time within the Raiffeisen Network, through the coordination and preparation of all projects on a common basis and through an efficient implementation of the needs of

the Raiffeisen Network. The Issuer intends to pursue its present role as the Raiffeisen Network's contact point for local government and the national and international co-operative system also in the future. As such the Issuer is the "trail blazer" of the Raiffeisen Network, developing new products and services that are useful to all Raiffeisen Banks and is strengthening its general role in the Raiffeisen Network, in its sectors of activity and also externally. As a commercial bank, the Issuer targets sizeable business clients, credit-pool or leasing clients and may also be involved, as lead arranger, in complex financial projects.

In order to safeguard the current market position of the Issuer and the Raiffeisen Network in an increasingly competitive environment, the Issuer's activities focus on specific business areas, such as project financing through public and private partnerships for the improvement of local infrastructures, financing of companies through entering into leasing transactions and retirement planning. The Issuer may also operate in new business areas, such as lending in favour of consumers and families, through strategic partnerships or joint ventures.

The Issuer also acts as a service provider to institutional counterparties and financial institutions. As such the Issuer intends to expand its services into surrounding areas. For this purpose the Issuer is aiming to strengthen its co-operation with newly founded or smaller financial institutions, including those outside the province of Bolzano.

Furthermore, the Issuer is involved in the establishment of the Raiffeisen IPS, of which it aims to become a member (see "*Reform of the Italian cooperative banks – the Raiffeisen IPS*" above).

In order to achieve this strategic goal the Issuer prepares a strategic plan on an annual basis.

## Lending

### General

The Issuer has historically granted loans to companies located in the province of Bolzano and, consequently, the breakdown of the loan portfolio pertaining to the industrial sector substantially reflects the structure of the local economy. Bolzano is one of the most prosperous provinces of Italy, which is partly due to its political and financial autonomy and its local economy is largely made up of small-sized companies, which means that the Issuer has a limited individual large loan exposure.

Total loans and advances to customers as at 31 December 2018 amounted to €2,064 million, compared to €1,580 million as at 31 December 2017, representing an increase of 30,64 per cent. In the past, lending to companies has accounted for, and still accounts for the biggest percentage of the Issuer's loan portfolio. Lending to banks as at 31 December 2018 accounted for 39.2 per cent. of total lending, representing a decrease of 2.1 per cent. compared with the previous year.

The following table shows the breakdown of the Issuer's loans and advances to banks and to customers as at 31 December 2018 and 2017, respectively.

	As at 31 December			
	2018		2017	
	(€ thousands)	(%)	(€ thousands)	(%)
Loans and advances to banks	1,329,820	39.2	1,358,447	46.2
Loans and advances to customers	2,063,680	60.8	1,579,728	53.8
<b>Total</b>	<b>3,393,500</b>	<b>100.0</b>	<b>2,938,175</b>	<b>100.0</b>

Nearly all the Issuer's lending activity is carried out in Italy and, in particular, in Alto Adige.

## Loans and advances to customers

The following table shows the breakdown of the Issuer's loans and advances to customers by client type as at 31 December 2018 and 2017, respectively.

### Loans and advances to customers by type

	As at 31 December			
	2018		2017	
	(€ thousands)			
	<i>Performing</i>	<i>Impaired</i>	<i>Performing</i>	<i>Impaired</i>
<b>Debt Securities:</b>	<b>467,804</b>	-	-	-
a) Governments	-	-	-	-
b) Other public entities	467,804	-	-	-
c) Other entities	-	-	-	-
- non-financial companies	-	-	-	-
- financial companies	-	-	-	-
- insurance companies	-	-	-	-
- others	-	-	-	-
<b>Loans to:</b>	<b>1,558,217</b>	<b>37,659</b>	-	-
a) Governments	-	-	-	-
b) Other public entities	5,942	-	-	-
c) Other entities	1,552,275	-	-	-
- non-financial companies	1,322,165	31,760	-	-
- financial companies	109,132	3,420	-	-
- insurance companies	10,809	-	-	-
- others	110,169	2,479	-	-
<b>Total</b>	<b>2,026,021</b>	<b>37,659</b>	<b>1,531,708</b>	<b>48,020</b>

The following table shows the breakdown of the Issuer's loans and advances to customers according to the class of products as at 31 December 2018 and 2017, respectively.

### Loans and advances to customers by class of product

	As at 31 December			
	2018		2017	
	(€ thousands)			
	<i>Performing</i>	<i>Impaired</i>	<i>Performing</i>	<i>Impaired</i>
<b>Loans</b>				
Current accounts	103,756	12,101	-	-
Repos	-	-	-	-
Mortgages	874,492	17,023	-	-
Credit cards and personal loans	941	-	-	-

Finance lease	262,562	6,803	-	-
Factoring	-	-	-	-
Other transactions	316,467	1,731	-	-
<b>Debt securities</b>			-	
- structured bonds	-	-	-	-
- other bonds	467,804	-	-	-
<b>Total</b>	<b>2,026,022</b>	<b>37,658</b>	<b>1,531,708</b>	<b>48,020</b>

### Large loans

The Bank of Italy's regulations define "large risks" as the net weighted exposure (in relation to both loans and guarantees) to primary business groups where the amount exceeds 10 per cent. of the regulatory capital resources available at a certain time. The table below shows the number and total amount of such large risk positions of the Issuer as at 31 December 2018 and 2017, respectively.

	Large loans	
	As at 31 December	
	2018	2017
Nominal amount (€ thousands)	4,213,745	3,628,202
Number	23	21

### Non Performing Loans

With effect from 1 January 2015, under the Bank of Italy's new system of classification, Non Performing loans have been re-categorised as follows:

- **Bad loans** (*crediti in sofferenza*) are exposures to debtors that are in a state of insolvency due to being unable to pay its debts, where there is a failure to comply with a previously agreed upon debt restructuring plan, where insolvency proceedings have been commenced, or where there are other adverse circumstances. For Bad loans, the valuation is performed on individual positions based on a qualitative and quantitative analysis of the borrower's financial position, the riskiness of the credit relationship, possible mitigating factors (collateral) and taking into account the financial impact of the estimated recovery time.
- **Unlikely to pay loans** (*inadempienze probabili*): (aside from those included among Bad loans) are those exposures in respect of which banks believe the debtors are unlikely to meet their contractual obligations in full unless action such as the enforcement of guarantees is taken. For Unlikely to pay loans, the valuation is based on a qualitative and quantitative analysis of the borrower's financial position and on precise assessment of the risk situation.
- **Past due loans** (*esposizioni scadute deteriorate*): (aside from those classified among Bad loans and Unlikely to pay loans) are those exposures that are past-due by more than 90 days and for above a predefined amount. Exposures classified amongst Past due loans automatically become performing when payment is received.

The following table shows the breakdown of the Issuer's cash exposure to customers based on the above categories as at 31 December 2018 and 2017, respectively.

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As at 31 December



	2018			2017		
	(€ thousands)					
	<b>Gross</b>	<b>Provisions</b>	<b>Net</b>	<b>Gross</b>	<b>Provisions</b>	<b>Net</b>
Bad Loans	22,159	16,231	5,928	25,028	17,441	7,587
Unlikely to pay	51,036	18,969	32,067	56,814	17,678	39,136
Non Performing past due exposures	4	1	3	1,301	6	1,296
<b>Non Performing Loans</b>	<b>73,199</b>	<b>35,201</b>	<b>37,998</b>	<b>83,143</b>	<b>35,125</b>	<b>48,019</b>
<b>Performing loans</b>	<b>2,690,165</b>	<b>12,089</b>	<b>2,678,076</b>	<b>1,441,232</b>	<b>7,027</b>	<b>1,434,205</b>
<b>Total</b>	<b>2,763,364</b>	<b>47,290</b>	<b>2,716,074</b>	<b>1,524,375</b>	<b>42,152</b>	<b>1,482,224</b>

As at 31 December 2018, the Issuer's gross Bad loans amounted to €22,159 thousand, out of a total of €2,763 million total gross exposure to customers, with a ratio of gross Bad loans to total gross exposures of 0.8 per cent., compared to 1.6 per cent. as at 31 December 2017. As at 31 December 2018, the level of loan loss provisions on Bad loans represented 73.2 per cent. compared to 69.7 per cent. as at 31 December 2017, resulting in a net amount of Bad loans of €5,928 thousand. As at 31 December 2018, the net Bad loans on net loans ratio was 0,21 per cent. (0.51 per cent. as at 31 December 2017).

As at 31 December 2018, total gross Unlikely to pay loans amounted to €51,036 thousand, with a ratio of gross Unlikely to pay loans to total gross exposures to customers of 1.8 per cent., compared to 3.7 per cent. as at 31 December 2017. The level of loan loss provisions on gross Unlikely to pay loans amounted to 37.2 per cent., compared to 31.1 per cent. as at 31 December 2017, resulting in a net value of Unlikely to pay loans of €32,067 thousand. In the same period, the net Unlikely to pay loans on net loans ratio was 1.2 per cent., compared to 2.6 per cent. as at 31 December 2017.

As at 31 December 2018, total gross Non Performing loans amounted to €73,199 thousand, compared to €83,143 thousand as at 31 December 2017.

The following table shows the flow of new Non Performing loans for the year ended 31 December 2018.

*Flow of new problem loans*

	For the year ended		
	31-dic-18		
	(€ thousands)		
	<b>Non Performing</b>	<b>Unlikely to Pay</b>	<b>Non Performing Past Due Exposures</b>
<b>Opening balance – gross exposure</b>	<b>25,028</b>	<b>57,073</b>	<b>1,302</b>
<b>Increases</b>	<b>2,134</b>	<b>27,204</b>	<b>3,486</b>
Transfer from performing loans	-	23,078	3,482
Transfer from other impaired exposures	2,093	3,213	-
Other increases	41	913	4
<b>Decreases</b>	<b>5,002</b>	<b>33,581</b>	<b>4,785</b>
Transfer to performing loans	-	25,944	1,472
Derecognised items	-	-	-
Recovery	2,583	3,682	36
Sales proceeds	270	-	-

Losses from sales proceeds	1,905	-	-
Transfer to other impaired exposures	-	2,093	3,213
Other decreases	244	1,862	64
<b>Closing Balance - gross exposure</b>	<b>22,160</b>	<b>50,696</b>	<b>3</b>

In accordance with the Bank of Italy's regulations, the Issuer's financial statements are prepared in accordance with IFRS. The value adjustments for performing and Non Performing loans are calculated according to current regulatory provisions and in such a way to obtain a valuation that is as prudent as possible. As a consequence, Bad loans and Unlikely to pay loans are valued analytically, whilst other loans (including performing loans and Past due loans) are valued on a generic basis.

### Securities Portfolio

As a result of the entry into force of the new accounting standard IFRS9, the Issuer has reclassified its financial assets as at 1 January 2018 into the new envisaged categories. This classification is based on the business model ("held-to-collect", "held-to-collect and sell" or "other") and on the characteristics of the contractual cash flows of the financial asset.

The financial assets held by the Issuer were reclassified into the following categories:

- Amortised cost (AC): a financial asset is measured at amortised cost if both of the following conditions are met:
  - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income (FVTOCI): financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss (FVTPL): any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

### Assets held for trading

As at 31 December 2018, the Issuer's assets held for trading portfolio amounted to €17,648 thousand, equal to 0.41 per cent. of total assets.

The following table shows a breakdown of the Issuer's assets held for trading, according to the types of securities as at 31 December 2018 and 2017, respectively.

	<i>Assets held for trading</i>			
	<b>As at 31 December</b>			
	<b>2018</b>		<b>2017</b>	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
	<i>(€ thousands)</i>	<i>(%)</i>	<i>(€ thousands)</i>	<i>(%)</i>
<b>Debt instruments</b>	-	-	-	-
Government bonds	-	-	-	-
Other local authorities	-	-	-	-

Banks	-	-	-	-
Other issuers	-	-	-	-
<b>Equity instruments</b>	<b>4,675</b>	<b>26.5</b>	-	-
Banks	487	2.8	-	-
Other issuers:	4,188	23.7	-	-
- insurance companies	462	2.6	-	-
- financial companies	67	0.4	-	-
- non-financial companies	3,659	20.7	-	-
- others	-	-	-	-
<b>Mutual funds</b>	<b>10,129</b>	<b>57.4</b>	-	-
<b>Derivatives instruments</b>	<b>2,844</b>	<b>16.1</b>	<b>3,597</b>	<b>31.2</b>
<b>Total</b>	<b>17,648</b>	<b>100.0</b>	<b>11,522</b>	<b>100.0</b>

### **Assets mandatorily at fair value**

As at 31 December 2018, the Issuer's assets mandatorily at fair value amounted to €107,925 thousand, equal to 2.5 per cent of total assets.

The following table shows a breakdown of the Issuer's assets mandatorily at fair value according to the type of securities as at 31 December 2018 and 2017, respectively.

<i>Financial Assets mandatorily at fair value</i>				
<b>As at 31 December</b>				
	<b>2018</b>		<b>2017</b>	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
	(€ thousands)	(%)	(€ thousands)	(%)
<b>Equity instruments</b>	<b>164</b>	<b>0.2</b>	-	-
Banks	157	0.1	-	-
Financial companies	7	0.0	-	-
Non financial companies	-	-	-	-
<b>Debt instruments</b>	<b>7,791</b>	<b>7.2</b>	-	-
Central Banks	-	-	-	-
Public Entities	-	-	-	-
Banks	6,553	6.1	-	-
Other financial companies	1,238	1.1	-	-
<b>Mutual funds</b>	<b>99,970</b>	<b>92.6</b>	-	-
<b>Total</b>	<b>107,925</b>	<b>100.0</b>	<b>115,190</b>	<b>100.0</b>

### Assets at fair value through other comprehensive income

As at 31 December 2018, the Issuer's assets at fair value through other comprehensive income amounted to €695,170,000, equal to 16.0 per cent. of total assets.

The following table shows a breakdown of the Issuer's assets available for sale according to the type of securities as at 31 December 2018 and 2017, respectively.

<i>Financial Assets at fair value through other comprehensive income</i>				
<b>As at 31 December</b>				
	<b>2018</b>		<b>2017</b>	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
	<i>(€ thousands)</i>	<i>(%)</i>	<i>(€ thousands)</i>	<i>(%)</i>
<b>Debt instruments</b>	<b>651,157</b>	<b>93.7</b>	-	-
Central Banks	-	-	-	-
Public Entities	637,141	91.7	-	-
Banks	-	-	-	-
Other issuers	14,016	2.0	-	-
<b>Equity instruments</b>	<b>44,013</b>	<b>6.3</b>	-	-
Banks	36,549	5.3	-	-
Other issuers:	7,464	1.1	-	-
- insurance companies	4,633	0.7	-	-
- financial companies	2,175	0.3	-	-
- non-financial companies	656	0.1	-	-
- others	-	-	-	-
<b>Total</b>	<b>695,170</b>	<b>100.0</b>	<b>921,174</b>	<b>100.0</b>

### Funding

As at 31 December 2018, the total amount of funds borrowed by the Issuer was €3,958 million representing an increase of 6.4 per cent. compared to €3,721 million as at 31 December 2017. The table below shows a breakdown of the Issuer's sources of funding.

<i>Funding</i>				
<b>As at 31 December</b>				
	<b>2018</b>		<b>2017</b>	
	<i>(€ thousands)</i>	<i>(%)</i>	<i>(€ thousands)</i>	<i>(%)</i>
Due to banks	2,082,392	52.62	2,252,863	60.54
Due to customers	1,491,739	37.69	1,146,490	30.81
Bonds	383,654	9.69	321,825	8.65
<b>Total funding</b>	<b>3,957,785</b>	<b>100.00</b>	<b>3,721,178</b>	<b>100.00</b>

## Capital Ratios

Starting from January 2014, the harmonised provisions for banks contained in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) of 26 June 2013 were applicable and they were followed by the instructions issued by Bank of Italy in Circular No. 285 of 17 December 2013 as subsequently amended. Therefore the own funds, the risk-weighted assets and capital ratios as at 31 December 2016 were determined under the new legislation, which transposes the EU standards defined by the Basel Committee (Basel III framework).

Pursuant to Art. 53-*bis*, paragraph 1, letter d) of Legislative Decree No. 385 of 1 September 1993, starting from 17 January 2018, the Issuer was required to maintain the following OCR (Overall Capital Requirement) ratios: a CET 1 ratio of at least 6,625 per cent., a Tier I Capital to total Risk Weighted Asset ratio ("**Tier I Ratio**") of at least 8,225 per cent. and a Total Capital Ratio (that is, the ratio of total capital to total risk-weighted assets) of at least 10,375 per cent.

The Issuer's Capital Ratios as at 31 December 2018 and 2017, respectively, are shown in the table below and exceed the minimum mandatory levels required by the Bank of Italy.

	<b>As at 31 December</b>	
	<b>2018</b>	<b>2017</b>
	(€ thousands)	
Common Equity Tier 1 (CET1) before the application of prudential filters	323,851	352,215
<i>of which CET1 instruments subject to transitional adjustments</i>	-	-
CET1 prudential filters (+ / -)	-852	-841
<b>CET1 before items to be deducted and effects of transitional period</b>	<b>322,999</b>	<b>351,374</b>
Items to be deducted from CET 1	-19,697	-17,201
Transitional period - Impact on CET1 (+/-)	8,486	-4,105
<b>Total Common Equity Tier 1 (CET1)</b>	<b>311,788</b>	<b>330,068</b>
Additional Tier 1 (AT1) before items to be deducted and effects of transitional period	5,528	3,199
<i>of which AT1 instruments subject to transitional adjustments</i>	-	-
Items to be deducted from AT1	-5,528	-2,222
Transitional period - Impact on AT1 (+/-)	-	-977
<b>Total Additional Tier 1 (AT1)</b>	<b>-</b>	<b>-</b>
Tier 2 ( T2) before items to be deducted and effects of transitional period	5,469	2,167
Transitional period - Impact on T2 (+ / -)		2,477
Items to be deducted from T2	-5,469	-4,643
<b>Total Tier 2 (T2)</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b>	<b>311,788</b>	<b>330,067</b>
Risk weighted assets	2,246,881	2,281,972
	(%)	
<b>CET1 capital ratio</b>	<b>13.88%</b>	<b>14.46%</b>
<b>Tier 1 capital ratio</b>	<b>13.88%</b>	<b>14.46%</b>
<b>Total capital ratio</b>	<b>13.88%</b>	<b>14.46%</b>

In 2019, the Issuer is required to comply with the following Overall Capital Requirements:

- (i) a CET1 ratio of at least 7.20 per cent.;
- (ii) a Tier 1 ratio of at least 8.75 per cent.; and
- (iii) a Total Capital ratio of at least 10.85 per cent.

## **Management**

### ***Board of Directors***

The Issuer's Board of Directors is responsible for the Issuer's management. As provided in its By-laws, the Board of Directors must be composed of eleven directors, each of whose appointment is valid for a three-year period. The directors can be re-elected but may be removed in accordance with applicable laws. The Board of Directors appoints the Chairman, one Vice-Chairman and the Executive Committee.

Board of Directors' meetings are convened by the Chairman on a regular basis. The majority of the directors are required to attend in order for the meeting to be validly constituted and resolutions to be validly passed.

The Board of Directors is vested with all ordinary and extraordinary administrative powers and may carry out all acts necessary and appropriate for the achievement of the Issuer's corporate objects, except for those that by law or under the Issuer's By-laws are reserved to the other Issuer's bodies.

The following table sets forth the names of the current members of the Board of Directors, their positions and principal activities outside the Issuer.

<b>Name</b>	<b>Position</b>	<b>Principal activities outside the Issuer</b>
Michael Grüner	Chairman	Lawyer
Hanspeter Felder	Vice-Chairman	CEO of "Coop. Prod. Sementi della Val Pusteria"
Peter Winkler	Director	Lawyer
Flora Emma Kröss	Director	CEO of "Ewo S.r.l."
Michele Tessadri	Director	Member of the management team of "Autoindustriale S.r.l."
Stefan Tröbinger	Director	CEO of Raiffeisenkasse Kastelruth
Walter Dallemulle	Director	Farmer
Jakob Franz Laimer	Director	CEO of Raiffeisenkasse Passeier
Josef Alber	Director	Business Consultant
Massimo Andriolo	Director	Business Consultant
Manfred Wild	Director	CEO of Raiffeisenkasse Tauferer-Ahrntal

The business address of each of the members of the Board of Directors is the Issuer's registered office.

The Issuer is not aware of any conflicts of interest between the duties owed by the persons listed above to the Issuer and their private interests or other duties.

### **Board of Statutory Auditors**

Under Italian law, the Issuer's shareholders are also responsible for electing a Board of Statutory Auditors (*Collegio Sindacale*), composed of three independent experts in accounting matters. Under the Issuer's By-laws, the shareholders also elect two alternate statutory auditors, who will automatically replace statutory auditors who resign or are otherwise unable to serve the office. Statutory auditors and alternate statutory auditors hold office for a three-year period and may be re-elected.

The following table sets forth the names of the current members of the Board of Statutory Auditors.

<b>Name</b>	<b>Title</b>	<b>Principal activities outside the Issuer</b>
Klaus Steckholzer	Chairman	Business Consultant
Hubert Berger	Statutory Auditor	Business Consultant
Hildegard Oberleiter	Statutory Auditor	Business Consultant
Stefan Franz Aichner	Alternate Auditor	Business Consultant
Margit Crazzolaro	Alternate Auditor	Business Consultant

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office.

The Issuer is not aware of any conflicts of interest between the duties owed by the Statutory Auditors to the Issuer and their private interests or other duties.

### **Independent Auditors**

The Issuer's independent auditors are PricewaterhouseCoopers S.p.A. ("**PwC**"), which audited the annual financial statements of the Issuer as at and for the years ended 31 December 2018 and 2017.

PwC's head office is at viale Monte Rosa 91, 20149 Milan and it is registered with the Consob's special register for auditing firms (*Albo Speciale delle Società di Revisione*) under No. 43. PwC is also a member of Assirevi, the Italian association of auditors.

### **Employees**

The Issuer had 197 permanent employees as at 31 December 2018, compared to 180 as at 31 December 2017 (an increase of 9.44 per cent.). Of these, 41 were part-time employees as at 31 December 2018, compared to 37 as at 31 December 2017 (an increase of 13.5 per cent.).

### **Litigation**

The Issuer is currently involved in litigation in the normal course of its business. Although it is difficult to predict the outcome of this litigation with certainty, the Issuer's management is confident that, in respect of any liabilities that may arise, adequate provisions have been made in the Issuer's financial statements. Furthermore such liabilities, if any, are unlikely, as a whole, to have any material adverse effect on the Issuer, its financial condition or its results of operations.

## OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The audited annual financial statements of the Issuer as at and for the years ended 31 December 2018 and 2017, together with the accompanying notes and audit reports, are incorporated by reference in this Base Prospectus. See "*Information Incorporated by Reference*". Such annual financial statements have been prepared in accordance with IFRS and have been audited by PwC.

The following tables present audited annual balance sheet and income statement information of the Issuer as at and for the years ended 31 December 2018 and 2017. All of the financial information set out below is derived from, should be read in conjunction with and is qualified in its entirety by reference to the full annual financial statements of the Issuer incorporated by reference in this Base Prospectus, in each case together with the accompanying notes. In particular, the financial tables set out below are in English, whereas the original annual financial statements, as incorporated by reference in this Base Prospectus, are in German. In the event of any inconsistencies or discrepancies between the text in German and English, the original German version will prevail.

### CASSA CENTRALE RAIFFEISEN DELL'ALTO ADIGE S.p.A. Audited Annual Statements of Financial Position

#### Assets

	As at 31 December	
	2018	2017
Cash and cash equivalents	37,720,809	100,923,523
Financial assets at fair value through profit or loss	125,572,639	126,712,458
<i>a) Financial Assets held for trading</i>	17,648,001	11,522,120
<i>b) Financial Assets designated at fair value</i>	0	0
<i>c) Other Financial assets mandatory at fair value</i>	107,924,638	115,190,339
Financial Assets at fair value through other comprehensive income	695,169,674	914,180,828
Financial Assets at amortised cost	3,393,500,059	2,938,174,417
<i>a) Loans and advances to banks</i>	1,329,820,191	1,358,446,837
<i>b) Loans and Advances to customers</i>	2,063,679,868	1,579,727,580
Hedging derivatives	45,055	94,227
Changes in fair value of portfolio hedged items (+/-)	0	0
Equity Investments	25,672,967	29,426,119
Property, plant and equipment	13,692,409	14,217,125
Intangible assets	214,836	128,128
<i>of which: goodwill</i>	0	0
Tax Assets	16,103,518	8,898,789
<i>a) Current</i>	11,377	3,120,609
<i>b) Deferred</i>	16,092,141	5,778,180
Non current assets and disposal group classified as held for sale	0	0
Other assets	27,977,448	27,810,798
<b>Total assets</b>	<b>4,335,669,414</b>	<b>4,160,566,413</b>



**CASSA CENTRALE RAIFFEISEN DELL'ALTO ADIGE S.p.A.**  
**Audited Annual Statements of Financial Position (Cont'd)**

**Equity and liabilities**

	As at 31 December	
	2018	2017
	(Euro)	
Financial Liabilities at amortised cost	3,957,785,043	3,721,178,447
<i>a) deposit from banks</i>	2,082,391,634	2,252,863,175
<i>b) deposit from customers</i>	1,491,739,208	1,146,489,878
<i>c) debt securities in issue</i>	383,654,201	321,825,394
Financial liabilities held for trading	3,238,310	3,904,587
Financial liabilities designated at fair value	0	0
Hedging derivatives	1,869,894	2,022,844
Value adj of hedged financial liabilities	0	0
Tax liabilities	8,677,826	21997444
<i>a) current</i>	5,137,362	2,281,053
<i>b) deferred</i>	3,540,463	19,716,390
Liabilities associated with assets classified as held for sale	0	0
Other liabilities	31,514,149	46,374,336
Provision for employee severance pay	3,827,754	4,204,293
Provision for risks and charges	2,905,741	1,469,854
<i>a) Commitments and guarantees given</i>	2,017,406	0
<i>b) Post-retirement benefit obligations</i>	0	0
Other provision for risk and charges	888,335	1,469,854
Valuation reserves	-7,181,219	29,488,556
Thereof from discontinued operations	0	0
Redeemable shares	0	0
Equity instruments	0	0
Reserves	113,984,801	101,247,056
<i>Accounts on dividends</i>	0	0
Share premium	0	0
Share capital	200,000,000	200,000,000
Treasury shares	0	0
Net income (loss)	19,047,115	28,678,996
<b>Total Liabilities and shareholders'equity</b>	<b>4,335,669,414</b>	<b>4,160,566,413</b>

**CASSA CENTRALE RAIFFEISEN DELL'ALTO ADIGE S.p.A.**  
**Audited Annual Income Statements**

	For the year ended	
	31-Dec	
	2018	2017
	(Euro)	
Interest and similar income	52,357,416	49,450,424
Interest expense and similar charges	-13,144,716	-9,677,437
<b>Net interest margin</b>	<b>39,212,700</b>	<b>39,772,986</b>
Fees and commissions income	24,953,881	22,234,770
Fees and commissions expenses	-9,813,172	-9,512,527
<b>Net fee and commission</b>	<b>15,140,709</b>	<b>12,722,243</b>
Dividends and similar income	1,669,324	13,685,388
Net gains (Losses) on trading	-2,218,306	2,542,547
Net gains (Losses) on hedge accounting	23,318	-273,532
Loans and advances		
Gains (losses) on disposal or repurchase of:	8,078,468	7,819,175
<i>a) financial assets at amortised cost</i>	-94,609	-22,121
<i>b) financial assets at fair value through other comprehensive</i>	8,165,129	7,846,867
<i>c) financial liabilities</i>	7,949	-5,571
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	-6,866,892	0
<i>a) financial assets/liabilities designated as at fair value</i>	0	0
<i>b) other financial assets mandatorily at fair value</i>	-6,866,892	0
<b>Operating Income</b>	<b>55,039,322</b>	<b>76,268,806</b>
Net impairment/adjustments on:	981,120	-11,722,798
<i>a) loans and advances</i>	-1,215,168	-11,516,701
<i>b) financial assets available for sale</i>	-	-
<i>c) investments held to maturity</i>	-	-
<i>d) other financial activities</i>	234,048	-206,097
<b>Net profit from financial activities</b>	<b>54,058,202</b>	<b>64,546,008</b>
Administrative expenses	-32,118,389	-25,955,668
<i>a) personnel expenses</i>	-16,724,923	-14,355,445
<i>b) other administrative expenses</i>	-15,393,467	-11,600,223
Net provisions for risks and charges	2,875,498	-471,756
Net adjustments on property plant and equipment	-760,265	-913,644
Net adjustments on intangible assets	-150,884	-82,079
Other operating expenses (income)	4,173,260	3,289,061
<b>Operating costs</b>	<b>-25,980,780</b>	<b>-24,134,087</b>
Profits (losses) on investments in associates	-775,387	986,505
Net result of tangible and intangible assets at fair value	0	-374,000
Profits (losses) on disposal of investments	3,035	178
<b>Profit (Loss) before tax from continuing operations</b>	<b>27,305,088</b>	<b>41,024,604</b>
Income taxes	-8,257,973	-12,345,608
<b>Profit (Loss) after tax from continuing operations</b>	<b>19,047,115</b>	<b>28,678,996</b>
<b>Profit (Loss) of the year</b>	<b>19,047,115</b>	<b>28,678,996</b>

## TAXATION

*The following is a general summary of certain Italian tax consequences of acquiring, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. This summary is based upon Italian tax laws and/or practice in force as at the date of this Base Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.*

*Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.*

### **Italian tax treatment of Notes**

Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented ("**Decree No. 239**"), provides for the tax treatment applicable to interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from bonds issued by, *inter alia*, Italian resident banks. The provisions of Decree No. 239 apply to Notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**"). The tax regime set forth by Decree No. 239 also applies to interest, premium and other income arising from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments.

Pursuant to Article 44 of Decree No. 917, securities qualify as *titoli similari alle obbligazioni* (securities similar to bonds), if same (i) incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value, with or without the payment of periodic interest and (ii) do not give any right to directly or indirectly participate in the management of the issuer or in the business in connection to which the securities were issued, nor to control the same.

### **Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni***

#### **Italian tax resident Noteholders**

Pursuant to Decree No. 239, payments of Interest relating to Notes qualifying as *obbligazioni* or *titoli similari alle obbligazioni* are subject to a substitute tax (referred to as "*imposta sostitutiva*") levied at the rate of 26% (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) where an Italian tax resident holder of Notes is the beneficial owner of such Notes, and is:

- (a) an individual not holding the Notes in connection with an entrepreneurial activity, unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito regime* (the "**Asset Management Option**") pursuant to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**"), or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or a professional association, or

- (c) a private or public institution, other than companies, not carrying out mainly or exclusively commercial activities, or
- (d) an investor exempt from Italian corporate income taxation.

All the above categories are referred to as "**net recipients**".

Where the holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the substitute tax applies as a provisional tax creditable against the overall corporate income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the substitute tax, on interest, premium and other income relating to the Notes, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**") as well as the requirements set forth in Article 1 (210-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**"), if the long-term individual savings account is set up with effect from 1 January 2019.

Pursuant to Decree No. 239, the 26% substitute tax is applied (i) by banks, *società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stockbrokers and other qualified entities resident in Italy ("**Intermediaries**" and each an "**Intermediary**"), (ii) by permanent establishments in Italy of banks or intermediaries resident outside Italy or (iii) by an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying substitute tax, the persons indicated in (i) to (iii) above must intervene, in any way, in the collection of Interest accrued on the Notes or in the transfer of the Notes or in any change of Intermediary with which the Notes are deposited or in a transfer from a deposit to a different deposit held with the same Intermediary.

Where the Notes are not deposited with an Intermediary, the substitute tax is applied and withheld by any Intermediary intervening in the payment of Interest or, in the absence of any such Intermediary, by the Issuer (provided that the payment of Interest is made directly by the Issuer).

Where an Italian tax resident Noteholder (being the beneficial owner of payments of Interest on the Notes) is (i) a company or similar commercial entity, or a permanent establishment in Italy of foreign corporation to which the Notes are effectively connected; (ii) an Italian resident collective investment fund, Italian resident pension fund or Italian resident real estate investment fund; (iii) an Italian resident partnership carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*); (iv) an Italian resident individual not holding the Notes in connection with an entrepreneurial activity who has entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and has opted for the *Risparmio Gestito* regime and the Notes are deposited with an Intermediary, Interest would not be subject to substitute tax.

Interest accrued on the Notes are included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of Italian resident corporations or Italian permanent establishments of foreign entities (who are beneficial owners) to which the Notes are effectively connected, subject to taxation according to the ordinary rules and at the ordinary rates.

If the Noteholder (being the beneficial owner of payments of Interest on the Notes) is an Italian pension fund subject to the regime provided under Legislative Decree No. 252 of 5 December 2005 (the "**Italian**

**Pension Fund**"), and the Notes are deposited with an Intermediary, Interest would not be subject to substitute tax but would be included in the annual net accrued results of such pension funds, which is subject to a 20% annual 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% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017.

If the Noteholder (being the beneficial owner of payments of Interest on the Notes) is an Italian resident Collective Investment Fund and the Notes are deposited with an Intermediary, Interest paid to unit holders or shareholders would not be subject to substitute tax (see Circular letter No. 11 dated 28 March 2012) but to a withholding tax of 26% (on account of taxes or as final tax depending on the status of the unit holder or shareholder), subject to certain exemptions.

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply (the "**Real Estate Funds**"), Interest accrued on the Notes will be subject neither to substitute tax nor to any other income tax in the hands of the Real Estate Fund to the extent that the Notes and the relevant Coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary but subsequent distributions made in favour of unit holders or shareholders will be subject, in certain circumstances, to a withholding tax of 26%.

#### **Non-Italian tax resident Noteholders**

Pursuant to Decree No. 239, payments of Interest in respect of Notes qualifying as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to substitute tax provided *that*:

- (a) payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected;
- (b) such beneficial owners are resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy and listed in the Italian Ministerial Decree dated 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decrees issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (the "**White List**"); and
- (c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from substitute tax are complied with in due time.

Decree No. 239 provides for additional exemptions from substitute tax for payments of Interest made to: (i) international entities and organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors, whether or not subject to tax, established in a State listed in the White List; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26% substitute tax, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes;
- (b) deposit the Notes in due time together with the coupons directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralised securities

management system which is in contact, via computer, with the Ministry of Economy and Finance; and

- (c) file in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that they are resident, for tax purposes, in a country which recognises the Italian tax authorities' right to an adequate exchange of information. Such declaration (*autocertificazione*) which must comply with the requirements set forth by a Decree of the Ministry for the Economy and Finance of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and needs not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified by Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident Noteholder to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules results in the application of substitute tax on Interest paid to such non-Italian resident Noteholder.

Should the exemption described above not apply, the 26% substitute tax may be reduced under certain applicable double tax treaties entered into by Italy and the country of residence of the relevant Noteholder, if more favourable, subject to timely filing of required documentation.

### **Fungible issues**

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the relevant Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *substitute tax*, the issue price of the new Tranche will be deemed to be the same amount as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1% multiplied by the number of years of the duration of the Notes.

### **Notes that qualify as atypical securities**

Interest payments relating to Notes qualifying as atypical securities (*titoli atipici*) according to Article 5 of Law Decree No. 512 of 30 September 1983, as amended, are subject to withholding tax levied at a rate of 26% (final or on account depending on the "status" and tax residence of the Noteholder).

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity 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 bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017 as well as the requirements set forth in Article 1 (210-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**"), if the long-term individual savings account is set up with effect from 1 January 2019.

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, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax.

The withholding tax may be reduced under certain applicable double tax treaties entered into by Italy and the country of residence of the relevant Noteholder, if more favourable, subject to timely filing of required documentation.

## Capital gains

### *Italian tax resident Noteholders*

Capital gains deriving from the disposal, sale or redemption of the Notes by Italian tax resident individuals not engaged in entrepreneurial activities to which the Notes are effectively connected, are subject to 26% tax (as substitute tax), pursuant to one of the following regimes:

- (a) Under the so called "*tax return regime*", which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are effectively connected, the 26% tax is chargeable, on a cumulative basis, on all capital gains net of any incurred offsettable capital loss realised by any such taxpayer on the disposal, sale or redemption of the Notes occurring in any given tax year. Such gain, net of any incurred offsettable capital loss, must be reported in the year-end tax return and the tax must be paid on the capital gain together with any income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent tax years. This regime automatically applies if the Noteholders does not expressly opt for one of the following regimes:
- (b) Under the discretionary investment portfolio regime (*regime del risparmio amministrato*), such taxpayer may elect to pay the tax separately on capital gains realised on each sale or redemption of the Notes. This separate taxation of capital gains is allowed subject to (x) the Notes being deposited with an authorised Intermediary and (y) the taxpayer making a timely election in writing for the *risparmio amministrato* regime, addressed to any such Intermediary. The Intermediary is then responsible for accounting for the tax in respect of capital gains realised on each disposal, 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 Noteholder deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Losses may be deducted from capital gains subsequently realised within the same securities portfolio in the same tax period. Losses in excess can be carried forward in the following years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to report the capital gains in his annual tax return;
- (c) Under the Asset Management Option regime (*regime del risparmio gestito*), eligible when the Notes are included in a portfolio managed by an authorised Intermediary, the 26% tax is paid on the annual appreciation of the investment portfolio accrued, even if not realised, at the year-end (including the gains realised on the disposal, sale or redemption of the Notes). The tax is paid by the authorised Intermediary. Any depreciation of the investment portfolio accrued at year-end may be carried forward and netted against the appreciation accrued in any of the four succeeding tax years. Under such regime, the Noteholder is not required to report the capital gains realised in his annual tax return.

Capital gains realised by Italian companies or similar commercial entities (including permanent establishments in Italy of foreign corporation to which the Notes are effectively connected) or by Italian tax resident individuals engaged in entrepreneurial activities to which the Notes are effectively connected, are included in the overall taxable business income subject to corporate or personal income tax, as the case may be (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for the purposes of the regional tax on productive activities – IRAP).

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the substitute tax, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 as well as the requirements set forth in Article 1 (210-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**"), if the long-term individual savings account is set up with effect from 1 January 2019.

In the case of Notes held by Collective Investment Funds, capital gains realised upon disposal of the Notes are not taxable at the level of such Funds. Generally, a 26% withholding tax applies on distributions to the unit holders or shareholders (on account of taxes or as final tax depending on the status of the unit holder or shareholder), subject to certain exemptions.

In the case of Notes held by Italian Pension Funds, capital gains on the Notes contribute to determine the annual net accrued result of same Pension Funds, which is generally subject to a 20% substitute tax.

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds, save for the tax regime introduced by Law Decree No. 70 of 13 May 2011 with respect to the taxation of units holders.

#### **Non-Italian tax resident Noteholders**

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

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian tax residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (as defined in the EC Directive No. 2014/65/EC), and in certain cases, subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) Pursuant to the provisions of Decree No. 461, Law Decree No. 350 of 25 September 2001 and Decree No. 239, as modified in particular by Article 41 of Law Decree No. 269 of 30 September 2003, non-Italian tax resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from tax in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident for tax purposes in a country allowing an adequate exchange of information with the Italian tax authorities.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate



declaration (*autocertificazione*) stating that they meet the residence requirement indicated above.

- (b) In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to tax in Italy on any capital gains realised upon sale for consideration or redemption of Notes.
- (c) Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply upon condition that they file in due time with the authorised financial intermediary appropriate documents which include, inter alia, a statement from the competent tax authorities of the country of residence of the non-Italian residents.
- (d) The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration with Italian Intermediaries, but non-resident Noteholders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

### **Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into law with amendments by Law No. 286 of 24 November 2006 (as amended), the transfer of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (a) transfers in favour of spouses and direct descendants or ancestors are subject to an inheritance and gift tax applied at a 4% rate on the value of the Notes exceeding €1,000,000 (per beneficiary);
- (b) transfers in favour of brothers or sisters are subject to an inheritance and gift tax applied at a 6% rate on the value of the Notes exceeding €100,000 (per beneficiary);
- (c) transfers in favour of relatives up to the fourth degree and relatives-in-law up to the third degree are subject to an inheritance and gift tax applied at a 6% rate on the entire value of the Notes; and
- (d) any other transfer is subject to an inheritance and gift tax applied at a 8% rate on the entire value of the Notes.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of 5 February 1992, the tax is applied only on the value of the Notes received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

### **Registration tax**

Contracts relating to the transfer of Notes are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to a fixed

registration tax of €200; (ii) private deeds (*scritture private non autenticate*) are subject to a fixed registration tax of €200 in "case of use" and if it is voluntarily filed for registration.

### **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011, converted into law – with amendments – by Law No. 214 of 22 December 2011 ("**Decree 201**"), a proportional stamp duty applies on an annual basis to any periodic reporting communication which is, or is deemed to be, sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary.

The stamp duty applies at a rate of 0.2% and is determined on the basis of the market value or, if no market value figure is available, on the nominal value or redemption amount of the Notes held. The stamp duty cannot exceed €14,000 for taxpayers other than for individuals.

Certain aspects of the relevant discipline have been clarified and implemented by Ministerial Decree of 24 May 2012 issued by the Ministry of Economy and Finance.

Under a preliminary 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 Notes are held with an Italian-based financial intermediary.

### **Wealth tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside Italian territory are required to pay an additional tax at a rate of 0.2% ("**Ivafe**").

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 tax is computed on the nominal value or on the redemption value of the financial assets. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### **Tax monitoring requirements**

Pursuant to Law Decree No. 167 of 28 June 1990, as amended, individuals, non-profit entities and certain partnerships (in particular, *società semplici* and assimilated entities referred to in Article 5 of Decree No. 917) resident for tax purposes in Italy are required – under certain conditions – to report in their yearly income tax return, for tax monitoring purposes, the quality and value of securities (including the Notes) held abroad during the tax year.

Such reporting obligation occurs where the same persons mentioned above qualify as beneficial owner ("*titolari effettivi*") of the Notes in accordance with Decree No. 231 of 21 November 2007.

The above persons are, however, not required to comply with the reporting requirements in respect of securities deposited with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that (i) the items of income derived from such securities are collected through the intervention of the same intermediaries (ii) the intermediaries applies the relevant withholding on that income.

### **Proposed Financial Transaction Tax**

On 14 February 2013, the European Commission published a 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 Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the 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 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 and it may therefore be altered prior to any implementation or implemented after the above mentioned date. In addition, other EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign pass-thru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date of publication of final regulations with the U.S. Federal Register defining foreign pass-thru payments. To date such final regulations have not yet been published. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which the Issuer may agree from time to time to sell Notes and the relevant Dealer(s) may agree to purchase are set out in an amended and restated Dealer Agreement dated 16 July 2019 (the "**Dealer Agreement**") and made between the Issuer and the Dealers.

Any agreement for the sale and purchase of Notes will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase.

The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention by the Issuer of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA");

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (otherwise known as the *Testo Unico Bancario* or the "**Consolidated Banking Law**"), Legislative Decree No. 58 of 24 February 1998, as amended (the "**Testo Unico Finanziario**" or "**TUF**"), CONSOB Regulation No. 20307 of 15 February 2018 (in each case as amended from time to time) and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Consolidated Banking Act, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### **France**

Each Dealer has represented, warranted and undertaken to the Issuer and each other Dealer (if any) that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and it has not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than

individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

## Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; 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.

## General

Each Dealer has represented, warranted and agreed that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus or any Final Terms or related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s), or change(s) in official interpretation, after the date hereof of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will (if required by applicable law) be set out in a supplement to this document.

## GENERAL INFORMATION

### Listing and admission to trading

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

However, Notes may be issued pursuant to the Programme which will (i) be listed or admitted to trading on such other or further stock exchanges, markets and/or quotation systems as the Issuer and the relevant Dealer(s) may agree or (ii) not be listed or admitted to trading on any stock exchange, market or quotation system.

For the purposes of obtaining admission of any Tranche of Notes to trading on a regulated market in a Member State of the European Economic Area (an "**EEA Member State**"), the Issuer may, on or after the date of this Base Prospectus, make applications to the CSSF for one or more certificates of approval under Article 18 of the Prospectus Directive (as implemented in Luxembourg) to the competent authority of any other EEA Member State.

### Authorisations

The 2019 update of the Programme has been authorised by a resolution of the Board of Directors of the Issuer dated 27 May 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 529900N2ZB1B52JB2F83.

### Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general funding requirements.

### Litigation

There are no governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its subsidiaries and, so far as the Issuer is aware, no such proceedings are pending or threatened.

### No material adverse change / significant change

Since 31 December 2018, there has been no adverse change in the prospects of the Issuer that is material in the context of the Programme or the issue of the Notes and no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiaries.

### Indication of yield

For any Tranche of Fixed Rate Notes, the relevant Final Terms will provide an indication of the yield. As set out in those Final Terms, the yield will be calculated at the Issue Date on the basis of the Issue Price but should not be regarded as an indication of future yield.

### Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may be inspected during normal business hours at the Specified Office of the Fiscal Agent, namely:



- (a) this Base Prospectus and any future prospectuses, offering circulars, information memoranda and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference;
- (b) a certified copy of the By-laws of the Issuer (in German);
- (c) the Agency Agreement;
- (d) the Deed of Covenant;
- (e) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- (f) any Final Terms or Drawdown Prospectus relating to Notes which are listed on any stock exchange, save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity; and
- (g) the most recent publicly available audited annual financial statements of the Issuer (in German), beginning with such financial statements as at and for the years ended 31 December 2018 and 2017, in each case together with the accompanying notes and auditors' reports.

#### **Potential conflicts of interest**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in lending, advisory, investment banking and/or commercial banking or other related transactions with and may perform services for the Issuer and its affiliates in the ordinary course of business and/or with companies involved directly or indirectly in the sectors in which the Issuer operates. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and/or its affiliates routinely hedge their credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" also includes parent companies.

The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

#### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and International Securities Identification Number 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 any additional or alternative clearing systems, 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, 42 Avenue JF Kennedy, L-1855 Luxembourg.

## **THE ISSUER**

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## **DEALERS**

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### **DZ BANK AG**

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The Netherlands

### **Raiffeisen Bank International AG**

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Austria

## **FISCAL AGENT**

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United Kingdom

## **LUXEMBOURG PAYING AGENT**

### **The Bank of New York Mellon SA/NV, Luxembourg Branch**

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## **LEGAL ADVISERS**

*To the Issuer as to Italian law*

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*To the Dealers as to English and Italian law*

### **Clifford Chance Studio Legale Associato**

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