

TERMS AND CONDITIONS OF THE NOTES

1. INTRODUCTION

The Up to €6,000,000 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Notes (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) are issued by ViViBanca S.p.A. (the **Issuer**).

Copies of Conditions are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the interest coupons and the talons (**Talons**) for further interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons**, which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons, respectively) at the specified office of the Issuer. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions set forth under these Conditions.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Conditions the following expressions have the following meanings:

Additional Amount Event means the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or rulings of any relevant jurisdiction or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings:

- (A) which change or amendment:
- (i) becomes effective on or after the Issue Date;
 - (ii) the Issuer demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable by the Issuer as at the Issue Date;
 - (iii) is evidenced by the delivery by the Issuer to the Noteholders of a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer has or will become obliged to pay such additional amounts and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail; and
- (B) which obligation cannot be avoided by the Issuer taking reasonable measures available to it;

Additional Tier 1 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Bail-in Power means any statutory write-down, transfer and/or conversion power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions and/or investment firms incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer, 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 and/or investment firm can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

Business Day means (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and (ii) a TARGET Settlement Day;

Capital Event is deemed to have occurred if there is a change in the regulatory classification of the Notes that would be likely to result in their exclusion, in whole, from Additional Tier 1 Capital of the Group or the Issuer and both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;

Common Equity Tier 1 Capital, at any time, has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Common Equity Tier 1 Capital Ratio means, at any time, the ratio of the Common Equity Tier 1 Capital of the Issuer or the Group, as the case may be, divided by the Risk Weighted Assets of the Issuer or the Group (as applicable) at such time, calculated by the Issuer in accordance with the Relevant Regulations;

Competent Authority means the Bank of Italy, any successor entity of, or replacement entity to, the Bank of Italy (including the European Central Bank), or any other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

Consolidated Net Income means the consolidated net income (excluding minority interests) of the Group, as calculated and set out in the most recent published audited annual consolidated accounts of the Group, as approved by the Issuer;

Contingency Event has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Coupon has the meaning given to such term in Condition 1 (*Introduction*);

Couponholders has the meaning given to such term in Condition 1 (*Introduction*);

Coupon Sheet means, in relation to a Note, the coupon sheet relating to that Note;

CRD IV means, taken together (i) the CRD IV Directive, (ii) the CRD IV Regulation, and (iii) the Future Capital Instruments Regulations;

CRD IV Directive means the 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 or replaced from time to time;

CRD IV Regulation means Regulation (EU) No. 2013/575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time;

Day Count Fraction means, in respect of the calculation of an amount for any period of time (the **Calculation Period**), Actual/Actual (**ICMA**) which means:

- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in such Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) two; and
- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (a) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) two; and
 - (b) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) two;

Distributable Items means, subject as otherwise defined in the Relevant Regulations from time to time:

- (a) an amount equal to the Issuer's profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of Own Funds instruments; less
- (b) an amount equal to any losses brought forward, profits which are non-distributable pursuant to applicable Italian law or the by-laws of the Issuer and sums placed to non-distributable reserves in accordance with applicable Italian law or the by-laws of the Issuer,

those profits, losses and reserves being determined on the basis of the Issuer's non-consolidated accounts;

Equal Loss Absorbing Instrument means:

- (a) in respect of an Issuer Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Notes) issued directly or indirectly by the Issuer which contains provisions relating to a write-down (or write-off)

or conversion into Ordinary Shares of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is equal to 5.125%; and

- (b) in respect of a Group Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Notes) issued directly or indirectly by the Issuer or any member of the Group (a **Group Entity**) which contains other provisions relating to a write-down (or write-off) or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Group falling below a level that is equal to 5.125%,

and, in each case, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

First Call Date means 30 December 2029;

Future Capital Instruments Regulations means any regulatory capital rules or regulations introduced after the Issue Date by the Competent Authority or which are otherwise applicable to the Issuer (on a solo or consolidated basis), which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer (on a consolidated basis) to the extent required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;

Group means the Issuer and each entity within the prudential consolidation of the Issuer pursuant to Chapter 2 of Title II of Part One of CRD IV Regulation;

Group Contingency Event has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Initial Period means the period from (and including) the Issue Date to (but excluding) the First Call Date;

Initial Principal Amount means, in respect of a Note, or as the case may be, a Written-Down Additional Tier 1 Instrument, the principal amount of such Note or Written-Down Additional Tier 1 Instrument, as at the Issue Date or the issue date of the Written-Down Additional Tier 1 Instrument, as applicable;

Initial Rate of Interest has the meaning given to such term in Condition 5.3 (*Interest to (but excluding) the First Call Date*);

Interest Amount means the amount of interest payable on each Note for any Interest Period and **Interest Amounts** means, at any time, the aggregate of all Interest Amounts payable at such time;

Interest Payment Date means 30 June and 30 December in each year from (and including) 30 June 2025;

Interest Period means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

Issue Date means 30 December 2024;

Issuer Contingency Event has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Loss Absorption Event Notice has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Maximum Distributable Amount means any maximum distributable amount relating to the Issuer and/or the Group required to be calculated in accordance with the CRD IV Directive (or, if different, any provision of Italian law implementing the CRD IV Directive);

Maximum Write-Up Amount has the meaning given to it in Condition 6.3 (*Reinstatement of principal amount*);

Net Income means the non-consolidated net income (excluding minority interests) of the Issuer as calculated and set out in the last audited annual accounts of the Issuer, as approved by the Issuer;

Noteholders has the meaning given to such term in Condition 1 (*Introduction*);

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

Ordinary Shares means the ordinary shares of the Issuer;

Own Funds has the meaning given to such term (or any equivalent or successor term) in the Relevant Regulations;

Payment Business Day means (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and (ii) a TARGET Settlement Day;

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

Prevailing Principal Amount in respect of a Note on any date, means the Initial Principal Amount of such Note as reduced from time to time (on one or more occasions) pursuant to a Write-Down and/or reinstated from time to time (on one or more occasions) pursuant to a Write-Up in each case on or prior to such date;

Prior Loss Absorbing Instrument means;

- (a) in respect of an Issuer Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Notes) issued directly or indirectly by the Issuer which contains provisions relating to a write-down (or write-off) or conversion into Ordinary Shares of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is higher than 5.125%; and
- (b) in respect of a Group Contingency Event, at any time: (i) any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the Group and irrespective of whether such instrument ranks or is expressed to rank senior

to, *pari passu* with, or junior to the Notes) issued directly or indirectly by the Issuer or any Group Entity which contains provisions relating to a write-down (or write-off) or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Group falling below a level that is higher than 5.125%,

and, in each case, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

Rate of Interest means:

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

all as determined in accordance with Condition 5 (*Interest and Interest Cancellation*);

Regular Period means each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means 30 June and 30 December;

Relevant Date has the meaning given to such term in Condition 9 (*Taxation*);

Relevant Regulations means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer from time to time (and, for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD IV);

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 Bail-in Power from time to time;

Risk Weighted Assets means, at any time, the aggregate amount of the risk weighted assets of the Issuer or the Group, as the case may be, at such time calculated by the Issuer in accordance with the Relevant Regulations;

Special Event means a Capital Event, a Tax Deductibility Event, and/or an Additional Amount Event, as applicable;

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

Subsidiary means any person or entity which is required to be consolidated with the Issuer for financial reporting purposes under applicable Italian banking laws and regulations;

Talon has the meaning given to such term in Condition 1 (*Introduction*);

TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, which was launched on 19 November 2007 or any successor thereto is open for the settlement of payments in euro;

Tax Deductibility Event means the part of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for Italian tax purposes is reduced as a result of any change in, or amendment to the laws, regulations or rulings or applicable accounting standards of the Republic of Italy, or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings or applicable accounting standards:

- (A) which change or amendment:
- (i) becomes effective on or after the Issue Date;
 - (ii) the Issuer demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable by the Issuer as at the Issue Date;
 - (iii) is evidenced by the delivery by the Issuer to the Noteholders of a certificate signed by two authorised signatories of the Issuer stating that interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, deductible for Italian income tax purposes or such deductibility is materially reduced and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail; and
- (B) which obligation cannot be avoided by the Issuer taking reasonable measures available to it;

Tax Event means a Tax Deductibility Event and/or an Additional Amount Event, as the case may be;

Tax Jurisdiction has the meaning given to such term in Condition 9 (*Taxation*);

Tier 1 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Tier 2 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Write-Down has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Write-Down Amount has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Write-Down Effective Date has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Write-Up has the meaning given to such term in Conditions 6.3 (*Reinstatement of principal amount*);

Write-Up Notice has the meaning given to such term in Conditions 6.3 (*Reinstatement of principal amount*); and

Written-Down Additional Tier 1 Instrument means an instrument (other than the Notes) issued directly or indirectly by the Issuer or, as applicable, any member of the Group, and qualifying as Additional Tier 1 Capital of the Issuer or, as applicable, the Group that, as at the time immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to a write-down.

2.2 Interpretation

In these Conditions:

- (a) Notes and Noteholders shall respectively be deemed to include references to Coupons and Couponholders, if relevant;
- (b) any reference to principal shall be deemed to include the Prevailing Principal Amount, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (c) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (d) any reference to a numbered "Condition" shall be to the relevant Condition in these Conditions.

3. FORM, DENOMINATION AND TITLE

3.1 Form and denomination

The Notes are in bearer form, serially numbered, in denominations of €100,000 up to (and including) € 6,000,000, each with Coupons and, if necessary, a Talon attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.

3.2 Title

Title to Notes and 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.

4. STATUS OF THE NOTES

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer ranking:

- (i) subordinated and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any instruments issued as Tier 2 Capital of the Issuer or guarantee in respect of any such instruments (other than any instrument or contractual right ranking, or expressed to rank, *pari passu* with the Notes);
- (ii) *pari passu* among themselves and with the Issuer's obligations in respect of any Additional Tier 1 Capital instruments or any other instruments or obligations which rank or are expressed to rank *pari passu* with the Notes or, in each case, any guarantee in respect of such instruments; and
- (iii) senior to:
 - (A) the share capital of the Issuer, including its ordinary shares and any other outstanding share capital;

- (B) (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and (ii) any securities issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (B) (i)) or guarantee or similar instrument (in the case of (B)(ii)) rank or are expressed to rank *pari passu* with the claims described under (A) and (B) above and/or otherwise junior to the Notes.

Each Noteholder unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Note.

5. INTEREST AND INTEREST CANCELLATION

5.1 Rate of Interest

The Notes bear interest on their outstanding Prevailing Principal Amount at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable semi-annually in arrears on each Interest Payment Date commencing on 30 June 2025, subject in any case as provided in Condition 5.8 (*Cancellation of Interest Amounts*) and Condition 8 (*Payments and Exchange of Talons*). The first interest payment shall be made on 30 June 2025 in respect of the period from (and including) the Issue Date to (but excluding) 30 June 2025.

5.2 Accrual of Interest

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Prevailing Principal Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition until 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.

5.3 Interest to (but excluding) the First Call Date

The Rate of Interest for each Interest Period falling in the Initial Period will be 8.00% per annum (the **Initial Rate of Interest**).

5.4 Interest from (and including) the First Call Date

The Rate of Interest for each Interest Period from (and including) the First Call Date will be 15.00% per annum (the **Subsequent Rate of Interest**).

5.5 Calculation of Interest Amount

The amount of interest payable in respect of a Note for any period shall be calculated by the Issuer, as calculation agent, by:

- (a) applying the applicable Rate of Interest to the Prevailing Principal Amount of such Note;
- (b) multiplying the product thereof by the Day Count Fraction; and
- (c) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5.6 Calculation of Interest Amount in case of Write-Down

Subject to Condition 5.8 (*Cancellation of Interest Amounts*), in the event that a Write-Down occurs during an Interest Period, any accrued and unpaid interest shall be cancelled pursuant to Condition 6.1(c) (*Loss absorption*) and the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 5.5 (*Calculation of Interest Amount*), provided that the Day Count Fraction shall be determined as if the Interest Period started on, and included, the Write-Down Effective Date.

5.7 Calculation of Interest Amount in case of Write-Up

Subject to Condition 5.8 (*Cancellation of Interest Amounts*), in the event that a Write-Up occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated as the sum (rounding the resulting figure to the nearest cent, with half a cent being rounded upwards) of the following:

- (a) the product of the applicable Rate of Interest, the Prevailing Principal Amount before such Write-Up, and the Day Count Fraction (determined as if the Interest Period ended on, but excluded, the date of such Write-Up); and
- (b) the product of the applicable Rate of Interest, the Prevailing Principal Amount after such Write-Up, and the Day Count Fraction (determined as if the Interest Period started on, and included, the date of such Write-Up).

5.8 Cancellation of Interest Amounts

The Issuer may elect at its full discretion to cancel (in whole or in part) the Interest Amounts otherwise scheduled to be paid on an Interest Payment Date. Further, payment of Interest Amounts on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts:

- (a) when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items; and
- (b) when aggregated together with other distributions of the Issuer or the Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive), would, if paid, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Group to be exceeded.

If a Contingency Event occurs, as set out in Condition 6.1 (*Loss absorption*), accrued and unpaid interest to (but excluding) the Write-Down Effective Date shall be cancelled.

Notice of any cancellation of payment of a scheduled Interest Amount must be given to the Noteholders (in accordance with Condition 16 (*Notices*)) as soon as possible, but not more than 60 calendar days, prior to the relevant Interest Payment Date. For the avoidance of doubt (i) the cancellation of any Interest Amounts in accordance with this Condition 5.8 or Condition 6.1 (*Loss absorption*) shall not constitute a default for any purpose on the part of the Issuer and (ii) interest on the Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of and such amounts

shall be fully and irrevocably forfeited and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof.

5.9 No restriction following cancellation of Interest Amounts

In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, it will not give rise to any restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Notes.

6. LOSS ABSORPTION AND REINSTATEMENT OF PRINCIPAL AMOUNT

6.1 Loss absorption

If, at any time, the Common Equity Tier 1 Ratio of the Issuer falls below 5.125% (an **Issuer Contingency Event**) or the Common Equity Tier 1 Ratio of the Group falls below 5.125% (a **Group Contingency Event**) and, together with an Issuer Contingency Event, a **Contingency Event**), the Issuer shall:

- (a) immediately notify the Competent Authority of the occurrence of the relevant Contingency Event;
- (b) as soon as reasonably practicable deliver a Loss Absorption Event Notice to Noteholders (in accordance with Condition 16 (*Notices*));
- (c) cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and
- (d) without delay, and in any event within one month from the determination that the relevant Contingency Event has occurred, reduce the then Prevailing Principal Amount of each Note by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly), *pro rata* with the other Notes and taking into account, subject as set out below, the at least *pro rata* write-down (or write-off) or conversion into Ordinary Shares of any other Equal Loss Absorbing Instruments (and taking into account, subject as set out below, the effective write-down (or write-off) or conversion of any Prior Loss Absorbing Instruments).

To the extent the write-down (or write-off) or conversion into Ordinary Shares of any Equal Loss Absorbing Instrument or Prior Loss Absorbing Instrument is not, or within one month from the determination that the relevant Contingency Event has occurred will not be, effective for any reason (i) the ineffectiveness of any such write-down (or write-off) or conversion into Ordinary Shares shall not prejudice the requirement to effect a Write-Down of the Notes pursuant to this Condition 6.1 (*Loss absorption*) and (ii) the write-down (or write-off) or conversion into Ordinary Shares of any Equal Loss Absorbing Instrument or Prior Loss Absorbing Instrument which is not, or within one month from the determination that the relevant Contingency Event has occurred will not be, effective shall not be taken into account in determining such Write-Down of the Notes.

A Write-Down may occur on more than one occasion and the Notes may be Written Down on more than one occasion.

Loss Absorption Event Notice means a notice which specifies that a Contingency Event has occurred, the Write-Down Amount (as a percentage of the Initial Principal Amount resulting in a *pro rata*

decrease in the Prevailing Principal Amount of each Note), including the method of calculation of the Write-Down Amount, and the date on which the Write-Down will take effect (the **Write-Down Effective Date**). Any Loss Absorption Event Notice delivered to the Noteholders must be accompanied by a certificate signed by the authorised signatories of the Issuer stating that the Contingency Event has occurred and setting out the method of calculation of the relevant Write-Down Amount.

Write-Down Amount means the amount by which the then Prevailing Principal Amount of each outstanding Note is to be Written Down on a *pro rata* basis (as described in Condition 6.1(d) above) pursuant to a Write-Down, being:

- (i) the amount that (together with (a) the prior write down (or write-off) or conversion of any Prior Loss Absorbing Instruments and (b) the Write-Down of the other Notes and the write-down (or write-off) or conversion of any Equal Loss Absorbing Instruments) would be sufficient to cure the Contingency Event; or
- (ii) if that Write-Down (together with (a) the prior write down (or write-off) or conversion of any Prior Loss Absorbing Instruments and (b) the Write-Down of the other Notes and the write-down (or write-off) or conversion of any Equal Loss Absorbing Instruments) would be insufficient to cure the Contingency Event, or the Contingency Event is not capable of being cured, the amount necessary to reduce the Prevailing Principal Amount to one cent.

6.2 Consequences of loss absorption

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Notes, the Issuer shall procure that:

- (a) a similar notice is, or has been, given in respect of each Prior Loss Absorbing Instrument and each Equal Loss Absorbing Instrument (in each case, in accordance with, and to the extent required by, its terms); and
- (b) the prevailing principal amount of each Prior Loss Absorbing Instrument and Equal Loss Absorbing Instrument outstanding (other than the Notes) (if any) is written down (or written-off) or converted, as appropriate, in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

6.3 Reinstatement of principal amount

If the Issuer records a positive Net Income and a positive Consolidated Net Income, at any time while the Prevailing Principal Amount of the Notes is less than their Initial Principal Amount, the Issuer may, at its full discretion and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Italian law implementing Article 141(2) of the CRD IV Directive, as amended or replaced)) not being exceeded thereby, increase the Prevailing Principal Amount of each Note (a **Write-Up**) up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Notes and with any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in this Condition 6.3 in the circumstances existing on the date of the relevant Write-Up (based on their Initial Principal Amounts), provided that the sum of:

- (i) the aggregate amount of the relevant Write-Up on all the Notes;
- (ii) the aggregate amount of any interest payments on the Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the end of the previous financial year,
- (iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up; and
- (iv) the aggregate amount of any interest payments on each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Write-Up Amount.

The **Maximum Write-Up Amount** means, taking the lower of the Net Income and the Consolidated Net Income, as appropriate:

- (a) the Consolidated Net Income multiplied by the ratio of (x) the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Group, divided by (y) the total Tier 1 Capital of the Group as at the date of the relevant Write-Up; or, as appropriate,
- (b) the Net Income multiplied by the ratio of (x) the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Issuer, divided by (y) the total Tier 1 Capital of the Issuer as at the date of the relevant Write-Up.

In respect of any Write-Up, the Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a similar basis to that set out in this Condition 6.3 unless it does so on a *pro rata* basis with such Write-Up on the Notes.

A Write-Up may be made on one or more occasions in accordance with this Condition 6.3 until the Prevailing Principal Amount of the Notes has been reinstated to the Initial Principal Amount.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to this Condition 6.3 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 6.3.

If the Issuer decides to Write-Up the Notes pursuant to this Condition 6.3, it shall deliver a notice (a **Write-Up Notice**) to the Noteholders in accordance with Condition 16 (*Notices*) specifying the amount of any Write-Up (as a percentage of the Initial Principal Amount of a Note resulting in a *pro rata* increase in the Prevailing Principal Amount of each Note) and the date on which such Write-Up shall take effect. Such Write-Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write-Up becomes effective.

7. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 7.

7.1 No fixed redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will mature on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer, (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set in its by-laws at 31 December 2100), or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority. Upon maturity, the Notes will become due and payable at an amount equal to their Prevailing Principal Amount, together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.2 General redemption option

The Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*)), subject to having given no less than 30 nor more than 45 calendar days' notice to the Noteholders (in accordance with Condition 16 (*Notices*)) redeem the Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.3 Redemption upon the occurrence of a Capital Event

Upon the occurrence of a Capital Event, the Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*)) at any time, subject to having given no less than 30 nor more than 45 calendar days' notice to the Noteholders (in accordance with Condition 16 (*Notices*)), redeem the Notes in whole but not in part at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.4 Redemption upon the occurrence of a Tax Event

Upon the occurrence of a Tax Event, the Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*)), including for the avoidance of doubt, Article 78(4)(b) of the CRD IV Regulation, at any time, subject to having given no less than 30 nor more than 45 calendar days' notice to Noteholders (in accordance with Condition 16 (*Notices*)), redeem the Notes in whole but not in part at their Prevailing Principal Amount plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.5 Purchase

- (a) The Issuer or any of its Subsidiaries may at any time (but subject to the provisions of Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*)) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations (including for the avoidance of doubt, the Relevant Regulations), provided that all unmatured Coupons and unexchanged Talons appertaining to the Notes are purchased therewith. Such Notes may, subject to the approval of the Competent Authority (if so required by the Relevant Regulations), be held, reissued,

- (b) resold or, at the option of the purchaser, surrendered to any paying agent for cancellation.

Notwithstanding the above, the Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Competent Authority shall be obtained where required; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (i) 10% of the aggregate Initial Principal Amount of the Notes and any further Notes issued under Condition 15 (*Further Issues*) and (ii) 3% of the Additional Tier 1 Capital of the Issuer from time to time outstanding or such other amount permitted to be purchased for market-making purposes under the Relevant Regulations.

7.6 Cancellation

All Notes which are redeemed will forthwith (but subject to the provisions of Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*)) be cancelled (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith at the time of redemption). All Notes so redeemed and cancelled pursuant to this Condition, and the Notes purchased and cancelled pursuant to Condition 7.5 (*Purchase*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the relevant Noteholder and cannot be reissued or resold.

7.7 Substitution and variation

Subject to the provisions of Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*) and having given no less than 30 nor more than 45 calendar days' notice to the Noteholders (in accordance with Condition 16 (*Notices*)), if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes. Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Qualifying Notes means, at any time, any securities (other than the Notes) issued directly or indirectly by the Issuer:

- (a) that:
 - (A) contain terms which at such time comply with the then current requirements of the Competent Authority in relation to Additional Tier 1 Capital;
 - (B) carry the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation pursuant to this Condition 7.7 (*Substitution and variation*);
 - (C) rank *pari passu* with the Notes prior to the substitution or variation pursuant to this Condition 7.7 (*Substitution and variation*); and
 - (D) shall not at such time be subject to a Special Event,

and have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the

Issuer shall have delivered a certificate to that effect signed by two authorised signatories of the Issuer to the relevant Noteholder (and copies thereof will be available at the specified office of the Issuer during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 7.7 (*Substitution and variation*), the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 7.7 (*Substitution and variation*), the date such variation becomes effective; and

- (b) that if the Notes were listed or admitted to trading or quotation on any listing authority, stock exchange and/or quotation system immediately prior to the relevant substitution or variation, are listed or admitted to trading on any listing authority, stock exchange and/or quotation system as selected by the Issuer.

7.8 Conditions to redemption, purchase, substitution and variation

The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 7.2 (*General redemption option*), Condition 7.3 (*Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption upon the occurrence of a Tax Event*), 7.5 (*Purchase*), 7.6 (*Cancellation*), 7.7 (*Substitution and variation*) or paragraph (b) of Condition 14.2 (*Modification of Notes*), as the case may be, with the prior written approval of the Competent Authority (if so required by the Relevant Regulations).

If the Issuer has elected to redeem the Notes pursuant to Condition 7.2 (*General redemption option*), Condition 7.3 (*Redemption upon the occurrence of a Capital Event*) or Condition 7.4 (*Redemption upon the occurrence of a Tax Event*), and prior to the relevant redemption date a Contingency Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, the Prevailing Principal Amount of the Notes will not be due and payable and a Write-Down shall occur as described under Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*). In addition, the Issuer may not give a redemption notice pursuant to Condition 7.2 (*General redemption option*), Condition 7.3 (*Redemption upon the occurrence of a Capital Event*) or Condition 7.4 (*Redemption upon the occurrence of a Tax Event*) during any period from, and including, the date on which a Contingency Event occurs to, and including, the Write-Down Effective Date in respect of such Contingency Event.

8. PAYMENTS AND EXCHANGE OF TALONS

8.1 Payments in respect of Notes

Payments of principal and (subject to Condition 8.5 (*Payments other than in respect of matured Coupons*)) interest shall be made only against presentation and (provided that payment is made in full) surrender of the Note or Coupon, as applicable, at the specified office of any paying agent outside the United States by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

8.2 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 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law

implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.3 Unmatured Coupons void

On the due date for redemption in whole of any Note pursuant to Condition 7.2 (*General redemption option*), Condition 7.3 (*Redemption upon the occurrence of a Capital Event*) or Condition 7.4 (*Redemption upon the occurrence of a Tax Event*), all unmaturing Coupons (which expression will, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

8.4 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, the Noteholder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

8.5 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any paying agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription*).

8.6 Partial payments

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

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Tax Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary (subject to the limitations set out in Condition 5.10 (*Cancellation of Interest Amounts*)) in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Tax Jurisdiction other than a mere holding of the Note or Coupon; or
- (b) presented for payment in the Republic of Italy; or

- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another paying agent in a Member State of the European Union; or
- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Business Day; or
- (f) on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1st April 1996, as amended from time to time; or
- (g) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (h) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

9.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the relevant Noteholder on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*); and
- (b) **Tax Jurisdiction** means 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 and Coupons.

10. 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 (which for this purpose do not include the Talons) are presented for payment within five years of the appropriate Relevant Date. There may not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition 10 (*Prescription*) or Condition 8 (*Payments and Exchange of Talons*).

11. 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 Issuer (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the paying agent having its specified office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. AGENTS

The Issuer will act as initial paying agent for the Notes.

The Issuer is entitled to terminate its role as paying agent for the Notes and appoint an additional or other paying agent for the Notes, in each case under the terms of an agency agreement in a customary form, provided that there will be at all times a paying agent for the Notes.

13. ENFORCEMENT EVENT

In the event of the voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, the Notes shall become immediately due and payable.

The rights of the Noteholders and the Couponholders in the event of a winding up, dissolution, liquidation or bankruptcy of the Issuer will be calculated on the basis of the Prevailing Principal Amount of the Notes, plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*). No payments will be made to the Noteholders or Couponholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders and the Couponholders as described in Condition 4 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

14. MEETINGS OF NOTEHOLDERS; MODIFICATION

14.1 Meetings of Noteholders

The provisions for meetings of Noteholders attached to these Conditions contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or the Coupons. Such a meeting may be convened by the Issuer at any time or by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing such Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal (except as provided by the Conditions) or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the

Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders. Such modifications may only be made to the extent that the Issuer has obtained the prior written approval of the Competent Authority (if so required by the Relevant Regulations).

14.2 Modification of Notes

Subject to Condition 7.8 (*Conditions to redemption, purchase, substitution and variation*), the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes or the Coupons which is (a) to cure or correct any ambiguity or defective or inconsistent provision contained therein, or which is of a formal, minor or technical nature or (b) in the sole opinion of the Issuer, not prejudicial to the interests of the Noteholders and/or the Couponholders (provided the proposed modification does not relate to a matter in respect of which an Extraordinary Resolution would be required if a meeting of Noteholders were held to consider such modification) or (c) to correct a manifest error or proven error or (d) to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

15. FURTHER ISSUES

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

16. NOTICES

Notices to Noteholders will be deemed to be validly given if published through Euronext Securities Milan.

The Issuer shall also ensure that notices are duly published in a manner which complies 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.

Except as set out above, any notice so given will be deemed to have been validly given on the date of the first such publication. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 16.

17. GOVERNING LAW AND JURISDICTION

17.1 Governing law

The Notes, the Coupons and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, Italian law.

17.2 Submission to jurisdiction

The Issuer agrees, for the benefit of the Noteholders and the Couponholders that the courts of Milan are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to

as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of Milan shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer construed in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

18. CONTRACTUAL RECOGNITION OF STATUTORY BAIL-IN POWERS

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.

For the avoidance of doubt, the potential write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Additional Tier 1 Notes or the conversion of the Additional Tier 1 Notes into Ordinary Shares or other obligations in connection with the exercise of any Bail-in Power by the Competent Authority is separate and distinct from a Write-Down following a Contingency Event although these events may occur consecutively.

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 Condition 21.

The exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an Enforcement Event for the Additional Tier 1 Notes and the Terms and Conditions 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 and/or investment firms incorporated in the relevant Member State.

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.

ANNEX 1 TO THE TERMS AND CONDITIONS FOR THE NOTES

PROVISIONS FOR MEETINGS OF NOTEHOLDERS TITLE

I

GENERAL PROVISIONS

Article 1

General

Each Meeting of Noteholders is governed by these provisions for meetings of Noteholders (the **Provisions for Meetings of Noteholders**).

These Provisions for Meetings of Noteholders shall remain in force and effect until full repayment or cancellation of the Notes.

The contents of these Provisions for Meetings of Noteholders are deemed to be an integral part of each Note issued by the Issuer from time to time.

The contents of these Provisions for Meetings of Noteholders are subject to any mandatory provisions of Italian law and the Issuer's By-Laws in force from time to time.

Article 2

Definitions

Unless otherwise provided in these Provisions for Meetings of Noteholders, any capitalised term shall have the meaning attributed to it in the Terms and Conditions of the Notes.

Any reference herein to an **Article** shall be a reference to an article of these Provisions for Meetings of Noteholders.

In these Provisions for Meetings of Noteholders, the terms below shall have the following meaning:

Blocked Notes means the Notes which have been blocked in an account with the relevant Euronext Securities Milan Account Holder not later than 48 hours before the time fixed for the Meeting for the purpose of obtaining from the relevant Euronext Securities Milan Account Holder a Voting Certificate on the terms that any such Notes will not be released up to the earlier of (i) the moment after which the relevant Meeting is closed and (ii) the relevant Voting Certificate is surrendered to the relevant Euronext Securities Milan Account Holder;

Chairman means, in relation to any Meeting, the individual who takes the chair in accordance with Article 7 of these Provisions for Meetings of Noteholders;

Conditions means the Terms and Conditions of the Notes to which these Provisions for Meetings of Noteholders are an exhibit and any reference to a numbered **Condition** is to the correspondingly numbered provision thereof;

Extraordinary Resolution means (a) a resolution passed at a Meeting of the relevant Noteholders, duly convened and held in accordance with the provisions contained in these Provisions for

Meetings of Noteholders; (b) a resolution in writing signed by or on behalf of all Noteholders who at that time are entitled to participate in a Meeting in accordance with the provisions of these Provisions for Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders; or (c) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Noteholders;

Meeting means a meeting of the relevant Noteholders (whether originally convened or resumed following an adjournment);

Proxy means, with respect to a Meeting, the certificate issued by the Noteholder (through the relevant Euronext Securities Milan Account Holder), delivered to the Issuer, which authorises a designated duly authorised physical person to vote on its behalf in respect of the relevant Blocked Notes; certifying that the votes attributable to such Blocked Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked. So long as a Proxy is valid, the named therein as Proxy Holder, shall be considered to be the holder of the Notes to which such Proxy refers for all purposes in connection with the Meeting;

Proxy Holder means, in relation to a Meeting, an individual who has the right to vote in relation to a Blocked Note pursuant to a Proxy, in any case other than:

- (a) any person whose appointment has been revoked and in relation to whom the relevant Euronext Securities Milan Account Holder, the Paying Agent for the Notes or the Chairman has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

Voter means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy;

Voting Certificate means, in relation to any Meeting, a certificate requested by any Noteholder and issued by the relevant Euronext Securities Milan Account Holder in accordance with the CONSOB and Bank of Italy Joint Regulation, stating *inter alia*:

- (a) that the Blocked Notes will not be released until the earlier of: (i) the conclusion of the Meeting; and (ii) the surrender of the certificate to the relevant Euronext Securities Milan Account Holder and notification of the release thereof to the Issuer;
- (b) the number of the Blocked Notes; and
- (c) that the bearer of such certificate is entitled to attend and vote, also by way of Proxy, at the Meeting in respect of the Blocked Notes.

So long as a Voting Certificate is valid, the bearer thereof or the named therein as holder of the Blocked Notes shall be considered to be the holder of the Notes to which such Voting Certificate refers for all purposes in connection with the Meeting;

24 hours means a period of 24 hours including all or part of a day on which banks are open for business in the place where the Meeting of the relevant Noteholders is to be held, and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until it includes the aforesaid all or part of a day on which banks are open for business as described above; and

48 hours means 2 consecutive periods of 24 hours.

TITLE II MEETING OF NOTEHOLDERS

Article 3

General Provisions

Within 14 days of the conclusion of any Meeting, the Issuer shall give notice, in compliance with the provisions of Condition 15 (*Notices*), of the result of the votes on each resolution submitted to the Meeting. Such notice shall be sent by the Issuer to the Noteholders and the Paying Agent for the Notes.

Any resolution validly passed at any Meeting pursuant to these Provisions for Meetings of Noteholders shall be binding upon all Noteholders whether or not present or dissenting at such Meeting and each of the Noteholders shall be bound to give effect to it accordingly.

Article 4

Deposit of Voting Certificates and Validity of the Proxies and Voting Certificates

In order to be admitted to participate in a Meeting, Noteholders must deposit their Voting Certificates with the Paying Agent for the Notes not later than 48 hours before the relevant Meeting. If a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeding to discuss the items on the agenda.

A Proxy shall be valid only if it is deposited, along with the related Voting Certificate(s) at the office of the Paying Agent for the Notes, or at any other place approved by the Paying Agent for the Notes, not later than 48 hours before the relevant Meeting. If a Proxy is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeding to discuss the items on the agenda.

The Voting Certificates and Proxies shall be valid until the release of the Blocked Notes to which they relate.

References to the blocking or release of the Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of the relevant clearing system.

Article 5

Convening the Meeting

The Issuer may at any time and the Issuer shall, upon a requisition in writing in the English language signed by the holders of not less than one-tenth in nominal amount of the Notes for the time being outstanding, convene a Meeting and if the Issuer makes default for a period of seven days in convening such a Meeting the same may be convened by the relevant Noteholders. Whenever the Issuer is about to convene any such Meeting, the Issuer shall forthwith give notice in writing to the Paying Agent, time and place thereof and of the nature of the business to be transacted thereat.

Each Meeting may be held also by linking various venues in different locations by audio/video conferencing facilities, subject to the following conditions:

- the Chairman of the Meeting is able to be certain as to the identity of those taking part, control how the Meeting proceeds, and determine and announce the results of voting; and
- those taking part are able to participate in discussions and voting on the items on the agenda simultaneously, as well as to view, receive, and transmit documents.

The Meeting held by audio/video conferencing will be deemed to have taken place at the venue at which the Chairman is present.

Article 6

Notices

At least 21 days prior to the day set for the Meeting (exclusive of the day on which notice is delivered and of the day of the Meeting), notice in writing must be provided by the Paying Agent for the Notes to the relevant Noteholders (and a copy of such notice must be provided to the Issuer, unless the Meeting is convened by the Issuer) of the day, time and location of the Meeting as well as, if necessary, venues connected by audio or video conferencing that may be used by those involved.

The notice shall set out the full text of any resolution to be voted on. In addition, the notice shall state that the Notes may be deposited with the relevant Euronext Securities Milan Account Holder for the purposes of obtaining the Voting Certificates from such relevant Euronext Securities Milan Account Holder or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

Article 7

Chairman of the Meeting

A person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at the relevant Meeting or adjourned Meeting but if no such nomination is made or if at any Meeting or adjourned Meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the Meeting or adjourned Meeting the Noteholders present shall choose one of their number to be Chairman, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman of the Meeting from which the adjournment took place.

The Chairman ascertains that the Meeting has been duly convened and validly constituted, leads and moderates the debate, and defines the terms for voting.

The Chairman may be assisted by a secretary to be chosen amongst the participants to the Meeting. The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist on any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

Article 8

Quorum

The quorum to convene and hold any Meeting shall be at least two Voters (unless all the relevant Notes are held by one Voter only, in which case the quorum shall be such Voter) representing or holding:

- (a) for voting on any resolution, other than an Extraordinary Resolution, not less than one-twentieth of the principal amount outstanding on the Notes;
- (b) for voting on any Extraordinary Resolution, not less than one half of the principal amount outstanding on the Notes PROVIDED THAT at any Meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution) namely:
 - (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Notes;
 - (ii) alteration of the currency in which payments under the Notes are to be made;
 - (iii) alteration of the majority required to pass an Extraordinary Resolution;
 - (iv) the sanctioning of any compromise or arrangement proposed to be made between the Issuer and the Noteholders or any of them; and
 - (v) alteration of this provision or the provision in Article 9 below,

the quorum shall be not less than two-thirds of the principal amount of the Notes for the time being outstanding.

The quorum at any such Meeting for passing any resolution shall be:

- (a) in the case of any resolution other than an Extraordinary Resolution, at least two-thirds of the votes cast by the Voters attending the relevant Meeting; and
- (b) in the case of any Extraordinary Resolution not less than three quarters of the votes cast by the Voters attending the relevant Meeting.

Article 9

Adjournment for want of quorum

If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a Meeting at which an Extraordinary Resolution is to be proposed, in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting).

If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned Meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve such Meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned Meeting, and the provisions of this sentence shall apply to all further adjourned such Meetings. At any adjourned Meeting one or more Voters (whatever the nominal amount of the Notes held or represented by them) shall (subject as provided below) form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the Meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned Meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to Article 8(b)(i) to 8(b)(v) above shall be one or more Voters holding or representing in the aggregate not less than one-third of the nominal amount of the Notes for the time being outstanding.

Article 10

Adjourned Meeting

At any adjourned Meeting no business shall be transacted except business which should have been transacted at the Meeting at which the adjournment took place.

Article 11

Notice following adjournment

If a Meeting is adjourned in accordance with the provisions of Article 9 above, such Meeting shall be reconvened in compliance with the terms provided in Articles 5 and 6 above, provided however that:

- (a) 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

Article 12

Participation

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;
- (b) the directors, officer, financial advisors and the statutory auditors of the Issuer and its lawyers;
- (c) the Paying Agent for the Notes; and

- (d) any other person authorised by virtue of a resolution of the relevant Meeting.

Article 13

Voting by show of hands

Every question submitted to a Meeting shall be decided in the first instance by a vote by show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a Voting Certificate or as a Proxy Holder. If before the vote by show of hands the Chairman, the Issuer or one or more Voters (whatever the nominal amount of the Notes so held or represented by them) participating to the Meeting, request to vote by poll pursuant to Article 14 below the question shall be voted on in compliance with the provisions of Article 14. No request to vote by poll shall hinder the continuation of the Meeting in relation to the other items on the agenda.

Unless a poll is validly requested, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

Article 14

Voting by poll

Whenever it is not possible to approve a resolution by show of hands in accordance with Article 13 or a demand for a poll has been validly made by the Chairman or Voter(s) pursuant to Article 13 above, voting shall be carried out by poll. Such vote may be taken immediately or after any adjournment is directed by the Chairman.

The Chairman sets the rules for voting by poll, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the rules set by the Chairman shall be null and void. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

Article 15

Votes

Each Voter shall have:

- (a) one vote, when voting by a show of hands; and
- (b) the number of votes obtained by dividing (i) that fraction of the aggregate principal amount of the outstanding Note(s) represented or held by such Voter by (ii) the lowest denomination of the Notes, when voting by poll.

Unless the terms of any Proxy or a Voting Certificate state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes which he exercises in the same manner.

In the case of a voting tie, the Chairman shall have a casting vote.

No voting rights shall be exercisable in respect of the Notes held by the Issuer, unless the Issuer holds the entire issued and outstanding Notes, in which case the Issuer shall be entitled to exercise its voting rights in respect of the Notes, in accordance with these Provisions for Meetings of Noteholders.

Article 16

Voting by Proxy or Voting Certificate

Revocation of the appointment under a Proxy or a Voting Certificate shall be valid only if the Euronext Securities Milan Account Holder or the Paying Agent for the Notes or the Chairman is notified in writing of such revocation not later than 24 hours prior to the time set for the Meeting. Unless revoked, the appointment to vote contained in a Proxy or a Voting Certificate for a Meeting shall remain valid also in relation to a Meeting resumed following an adjournment, unless such Meeting was adjourned pursuant to Article 9 above. If a Meeting is adjourned pursuant to Article 9 above, each person appointed to vote in such Meeting shall have to be appointed again by virtue of another Proxy or Voting Certificate.

The Proxy shall be signed by the person granting the Proxy, shall not be granted in blank, and shall bear the date, the name of the person appointed to vote, and the related Proxies. If, in relation to any given resolution, there is no indication of how the right to vote is to be exercised, then such vote shall be deemed to be an abstention from voting on such proposed resolution.

Article 17

Powers of the Meeting

A Meeting shall have the power, without prejudice to any powers conferred on its participants or any other person, to approve the matters set out in Article 18 below (exercisable by Extraordinary Resolution only) and to consider any other matters proposed to the Meeting for review by the relevant Noteholders or the Issuer.

Article 18

Power exercisable by Extraordinary Resolutions

The Meeting shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in Article 8 above) namely:

- (a) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Noteholders;
- (b) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders against the Issuer or against any of its property whether such rights shall arise under these presents or otherwise;
- (c) power to assent to any modification of the provisions of these presents which shall be proposed by the Issuer or any Noteholder;

- (d) power to give any authority or sanction which under the provisions of these presents is required to be given by Extraordinary Resolution;
- (e) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution; and
- (f) power to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

Article 19

Challenge of Resolution

Any absent or dissenting Noteholder has the right to challenge resolutions which are not passed in compliance with the provisions of these Provisions for Meetings of Noteholders or Italian laws and regulation or the Issuer's by- laws in force from time to time.

Article 20

Minutes

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and kept in a register at the offices of the Issuer and the Paying Agent for the Notes.