

SUPPLEMENT DATED 16 MARCH 2018  
TO THE BASE PROSPECTUS APPROVED ON 27 JULY 2017 AS SUPPLEMENTED ON 17 AUGUST 2017, 19  
JANUARY 2018 AND 27 FEBRUARY 2018



UNIONE DI BANCHE ITALIANE S.P.A.

*(incorporated as a joint stock company in the Republic of Italy)*

*and registered at the Companies' Registry of Bergamo under registration number 03053920165)*

**Euro 15,000,000,000 Debt Issuance Programme**

This document constitutes a supplement (the "**Supplement**") to the prospectus dated 27 July 2017 as supplemented on 17 August 2017, 19 January 2018 and 27 February 2018 (the "**Prospectus**"), which constitutes a base prospectus under Article 5.4 of Directive 2003/71/EC, which includes the amendments made by Directive 2010/73/EU (the "**Prospectus Directive**") and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme (the "**Programme**") of Unione di Banche Italiane S.p.A. (the "**Issuer**" or "**UBI Banca**").

This Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplement to the Prospectus prepared by the Issuer under the Programme. Terms defined in the Prospectus have the same meaning when used in this Supplement, unless they have been specifically defined herein.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This Supplement is a supplement for the purposes of Article 16 of the Prospectus Directive.

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

This Supplement has been produced to: (i) update the section of the Prospectus entitled "*Overview of the Programme*"; (ii) update the section of the Prospectus entitled "*Risk Factors*"; (iii) update the section of the Prospectus entitled "*Terms and Conditions of the Notes*" in order to include a new class of Senior Notes having the status of Senior Non-Preferred Notes; (vi) update the section of the Prospectus entitled "*UBI Banca and the UBI Banca Group*" in order to include a new sub-section in the section entitled "*Recent Developments*", and (v) update the section of the Prospectus entitled "*Form of Final Terms*".

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## OVERVIEW OF THE PROGRAMME

The information set out below shall supplement the section of the Prospectus entitled “*Overview of the Programme*”, included on pages 8 to 14 of the Prospectus.

The following text shall, by virtue of this Supplement, be inserted after sub-section entitled “*Issuer*”:

**Issuer Legal Entity Identifier (LEI)**

81560097964CBDAED282

The following text shall, by virtue of this Supplement, replace in its entirety the sub-sections entitled “*Maturities*”, “*Denomination*”, “*Optional Redemption*”, “*Status of the Notes*”, “*Cross Default*”, “*Withholding Tax*”, “*Governing Law*” and “*Selling Restrictions*” included in the section of the Prospectus entitled “*Overview of the Programme*”:

### **Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years as specified in the relevant Final Terms.

Unless otherwise permitted by then current laws, regulations and directives, Senior Non-Preferred Notes (intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer as defined under Article 12-bis of the Banking Act) will have a maturity of not less than twelve months.

Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.

### **Denomination**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms (“**Specified Denomination**”) save that (i) the minimum denomination of each Note which is not a Senior Non-Preferred Note will be Euro 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) and (ii) the minimum denomination of each Senior Non-Preferred Note will be Euro 250,000 (or, if the Senior Non-Preferred Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).

### **Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be

redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Senior Notes or Senior Non-Preferred Notes only) at the option of the Issuer due to a MREL Disqualification Event (in whole only) as described in “Terms and Conditions of the Notes – Redemption, Purchase and Options – Issuer Call due to MREL Disqualification Event” and, if so, the terms applicable to such redemption.

Under applicable laws and regulations at the date of this Base Prospectus, other than for taxation reasons or for regulatory reasons or following an event of default, Subordinated Notes may not be repaid prior to five years from the relevant Issue Date.

Other than following an event of default, any redemption of Notes prior to their stated maturity in accordance with the Conditions (including early redemption for taxation reasons or early redemption for regulatory reasons or early redemption due to a MREL Disqualification Event which are each subject to further specific requirements as described in “Terms and Conditions of the Notes – Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes”) will be subject to compliance by the Issuer with any conditions prescribed by the Relevant Regulations as described in “Terms and Conditions of the Notes – Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes”.

#### **Status of Notes**

Notes may be issued by UBI Banca on a subordinated basis (as Subordinated Notes) or unsubordinated basis (as Senior Notes or as Senior Non-Preferred Notes), as specified in the relevant Final Terms.

Senior Notes will constitute unsubordinated and unsecured obligations of UBI Banca ranking *pari passu* with all other unsecured and unsubordinated obligations of UBI Banca (other than obligations ranking junior to Senior Notes from time to time (including Senior Non-Preferred Notes and any further obligations permitted by law to rank junior to Senior Notes)), as described in “Terms and Conditions of the Notes — Status of the Notes”.

Senior Non-Preferred Notes will constitute

unsubordinated and unsecured obligations of UBI Banca ranking junior to the Senior Notes and any other unsecured and unsubordinated obligations of UBI Banca which rank, or are expressed to rank by their terms, senior to Senior Non-Preferred Notes, as described in “Terms and Conditions of the Notes — Status of the Notes”.

Subordinated Notes will constitute subordinated obligations of UBI Banca, as described in “Terms and Conditions of the Notes — Status of the Notes”.

**Cross Default**

None.

**Withholding Tax**

All payments of principal and interest will be made free and clear of withholdings or deductions for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of, the Republic of Italy, unless such withholding or deduction is required by law or by the application or official interpretation thereof. In such a case, the Issuer shall pay such additional amounts in respect of principal and interest in the case of Senior Notes or Senior Non-Preferred Notes (if permitted by the MREL Requirements), or interest only in the case of Subordinated Notes, as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions, all as described in “Terms and Conditions of the Notes — Taxation”.

**Governing Law**

English (except for Condition 3(b) (*Status of the Notes – Senior Non-Preferred Notes*) and Condition 3(c) (*Status of the Notes – Subordinated Notes*) each of which shall be governed by Italian law). See “Terms and Conditions of the Notes — Governing Law and Jurisdiction”.

**Selling Restrictions**

Prohibition of Sales to EEA Retail Investors, United States, United Kingdom, The Netherlands, Republic of Italy, Singapore and Japan. See “Subscription and Sale”.

Category 1 selling restrictions will apply for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with US Treas. Reg. 1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms state that Notes are issued in compliance with US Treas. Reg. 1.163-

5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Senior Non-Preferred Notes shall be distributed to qualified investors only in accordance with Law No. 205 of 27 December 2017 on the budget of the Italian government for 2018.

## RISK FACTORS

The information set out below shall supplement the section of the Prospectus entitled “*Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme*”, included on pages 15 to 37 of the Prospectus, as previously supplemented by the supplement dated 19 January 2018.

With respect to the risk factor entitled “*Basel III and the CRD IV Package*”:

- the reference to “23 June 2017” included in the sub-paragraph headed “Counter-cyclical capital buffer” shall, by virtue of this Supplement, be replaced with a reference to “22 December 2017”; and
- the references to “21 November 2016” and “for the year 2017” in the paragraph “The Issuer is not included in the list of financial institutions of global systemic importance published on 21 November 2017 by the Financial Stability Board. The Bank of Italy has not included the Issuer among the O-SII for the year 2018” shall, by virtue of this Supplement, be replaced with references to “21 November 2017” and “for the year 2018”, respectively.

With respect to the risk factor entitled “*Reform of EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index “benchmarks*”, the following text shall, by virtue of this Supplement, replace the final two paragraphs of such risk factor:

“For example, the sustainability of the London interbank offered rate (“**LIBOR**”) has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such “benchmarks”. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR “benchmark” after 2021 (the “**FCA Announcement**”). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR “benchmark” or any other “benchmark”, or changes in the manner of administration of any “benchmark”, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such “benchmark” (including but not limited to Floating Rate Notes and/or Inverse Floating Rate Notes whose interest rates are linked to LIBOR which may, depending on the manner in which the LIBOR benchmark is to be determined under the terms and conditions, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available). Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Notes.

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

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The information set out below shall supplement the section of the Prospectus entitled “*Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme*”, included on pages 37 to 44 of the Prospectus.

References to “Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*)” included in the risk factor entitled “*Subordinated Notes subject to redemption for regulatory reasons*” and “*Notes subject to redemption for tax reasons*” shall, by virtue of this Supplement, be replaced with references to “Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*)”.

The title of the risk factor “*Subordinated Notes subject to redemption for regulatory reasons*” shall, by virtue of this Supplement, be replaced with ““*Subordinated Notes could be subject to redemption for regulatory reasons*”.

The following new risk factors relating to Senior Notes and Senior Non-Preferred Notes shall, by virtue of this Supplement, be inserted after the risk factor entitled “*Notes subject to redemption for tax reasons*”:

**Senior Notes and Senior Non-Preferred Notes could be subject to Issuer Call due to MREL Disqualification Event**

If Issuer Call due to MREL Disqualification Event is specified as applicable in the relevant Final Terms, upon the occurrence of an MREL Disqualification Event (as defined in Condition 5(k) (*Issuer Call due to MREL Disqualification Event*)), the Issuer may (subject to the provisions of Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*)), elect to redeem all, but not some only, of the relevant Senior Notes or relevant Senior Non-Preferred Notes. If Senior Notes or Senior Non-Preferred Notes are so redeemed, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Notes or Senior Non-Preferred Notes being redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

See also “*Notes subject to optional redemption by the Issuer*”.

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

Any early redemption or purchase of Senior Notes and Senior Non-Preferred Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Relevant Regulations 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.

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

- on or before such early redemption or purchase 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 Issuer;

- the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such redemption or purchase, exceed the requirements for own funds and eligible liabilities set out in the CRD IV Directive or the BRRD (or, in either case, any relevant provisions of Italian law implementing the CRD IV Directive or, as appropriate, the BRRD) or the CRR Regulation by a margin that the Competent Authority considers necessary; or
- the Issuer has demonstrated to the satisfaction of the Competent 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 Regulation and in the CRD IV Directive for continuing authorisation.

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

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

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

If at any time a MREL Disqualification Event occurs and is continuing in relation to any Senior Notes or Senior Non-Preferred Notes and the relevant Final Terms for such Senior Notes or Senior Non-Preferred Notes specify that each of (i) Issuer Call due to MREL Disqualification Event and (ii) Substitution or Variation of Notes is applicable, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority (without any requirement for the consent or approval of the holders of such Senior Notes or Senior Non-Preferred Notes), 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 Qualifying Senior Non-Preferred Notes (in each case as defined in Condition 10(e) (*Meetings of Noteholders, Modification, Waiver and Substitution – Substitution and Variation of Notes*)), provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

The following new risk factor shall, by virtue of this Supplement, be inserted after the risk factor entitled “*The Issuer’s obligations under Subordinated Notes are subordinated*”:

**The Issuer’s obligations under Senior Non-Preferred Notes rank junior to unsecured and unsubordinated preferred obligations of the Issuer**

The Issuer’s obligations under Senior Non-Preferred Notes will be unsecured, unsubordinated and non-preferred obligations and 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 Senior Non-Preferred Notes. Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which rank senior to the Senior Non-Preferred Notes, there is a real risk that an investor in Senior Non-Preferred Notes will lose all or some of his investment



should the Issuer become insolvent. In addition, except where the Issuer is wound up or dissolved, holders of Senior Non-Preferred Notes are not entitled to accelerate the maturity of their Senior Non-Preferred Notes.

The following text shall, by virtue of this Supplement, replace in its entirety the risk factor entitled “*The Notes are not covered by the Italian Inter-Bank Fund for the Protection of Deposits*”:

**The Notes are not covered by the Italian Inter-Bank Fund for the Protection of Deposits**

The obligations in respect of the Notes are not covered by the *Fondo Interbancario di Tutela dei Depositi* (Italian Inter-Bank Fund for the Protection of Deposits).

The following new risk factor shall, by virtue of this Supplement, be inserted after the sub-heading “Risks related to Notes generally” and before the risk factor entitled “*Modification, waivers and substitution*”:

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

The Events of Default in respect of the Notes, being events upon which the Trustee (or, in certain circumstances, the Noteholders) may declare the Notes to be immediately due and repayable, are limited to circumstances in which the Issuer is subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy (as amended from time to time). 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 Trustee (and the Noteholders) 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.

The following text shall, by virtue of this Supplement, replace in its entirety the risk factor entitled “*Modification, waivers and substitution*”:

**Modification, waivers and substitution**

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

In addition, in order to ensure the effectiveness and enforceability of Condition 18 (*Statutory Loss Absorption Powers*), the Issuer may, if the relevant Final Terms for any Series of Notes specify that Substitution or Variation of Notes is applicable, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority (without any requirement for the consent or approval of the holders of the relevant Notes), at any time either substitute all (but not some only) of a Series of Notes, or vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Senior Notes or Qualifying Senior Non-Preferred Notes or Qualifying Subordinated Notes (in each case as defined in Condition 10(e) (*Meetings of Noteholders, Modification, Waiver and Substitution - Substitution and Variation of 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. 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 securities could be different for some categories of Noteholders from the tax and stamp duty consequences for the holding the securities prior to such substitution or variation.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 10 (*Meetings of Noteholders, Modification, Waiver and Substitution*), of the Terms and Conditions of the Notes.

See also "*Senior Notes and Senior Non-Preferred Notes may be subject to substitution and modification without Noteholder consent*".

The following text shall, by virtue of this Supplement, replace in its entirety the risk factor entitled "*Change of law*":

#### **Change of law**

Except for Condition 3(b) (*Status of the Notes – Senior Non-Preferred Notes*) and Condition 3(c) (*Status of the Notes – Subordinated Notes*) (each of which is governed by Italian law), the Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of issue of the relevant Notes.

The following text shall, by virtue of this Supplement, replace in its entirety the risk factor entitled "*Integral multiples of less than Euro 100,000*":

#### **Integral multiples of less than the minimum Specified Denomination**

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified 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 such that it holds an amount equal to one or more Specified Denominations.

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

The following text shall, by virtue of this Supplement, replace in its entirety the risk factor entitled "*Waiver of set-off*":

**Waiver of set-off**

In Condition 3(a) (*Status of the Notes - Senior Notes*) each holder of a Senior Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Note.

In Condition 3(b) (*Status of the Notes - Senior Non-Preferred Notes*) each holder of a Senior Non-Preferred Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Senior Non-Preferred Note.

In Condition 3(c) (*Status of the Notes - Subordinated Notes*) each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

## TERMS AND CONDITIONS OF THE NOTES

The section entitled “*Terms and Conditions of the Notes*”, included on pages 50 to 90 of the Prospectus, is deleted in its entirety and replaced with the text set out below:

*The following is the text of the terms and conditions that, save for this text in italics and subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. The full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these terms and conditions (i) to the “**Issuer**” are to Unione di Banche Italiane S.p.A.; and (ii) to “**Notes**” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by the Amended and Restated Trust Deed dated 27 July 2017 (as further amended, restated or supplemented from time to time, the “**Trust Deed**”) between the Issuer and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Amended and Restated Agency Agreement dated 27 July 2017 (as further amended, restated or supplemented from time to time, the “**Agency Agreement**”) has been entered into in relation to the Notes among the Issuer, the Trustee, Citibank, N.A., London branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders (the “**Couponholders**”) of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) relating to Notes in bearer form are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Final Terms and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

### 1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer

form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon, provided that (i) the minimum Specified Denomination of each Note which is specified hereon as being a Senior Note or a Subordinated Note shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and (ii) the minimum Specified Denomination of each Note specified hereon as being a Senior Non-Preferred Note shall be Euro 250,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination, provided that (i) the minimum Specified Denomination of each Note which is specified hereon as being a Senior Note or a Subordinated Note shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and (ii) the minimum Specified Denomination of each Note specified hereon as being a Senior Non-Preferred Note shall be Euro 250,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Reset Note, a Floating Rate Note, an Inverse Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may 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 interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in these Conditions, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

### (a) *Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b) (*Payments and Talons –Registered Notes*)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### (b) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available to any Noteholder upon request.

### (c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice as defined in Condition 5(g) (*Redemption, Purchase and Options – Redemption at the Option of Noteholders*) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(f) (*Redemption, Purchase and Options – Redemption at the Option of the Issuer*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

### 3 Status of the Notes

(a) *Senior Notes*

This Condition 3(a) is applicable in relation to Notes specified hereon as being Senior Notes (and, for the avoidance of doubt, does not apply to Senior Non-Preferred Notes).

The Senior Notes and the Coupons relating to them constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Coupons relating to them shall at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer (other than, for the avoidance of doubt, Senior Non-Preferred Notes), present and future, subject to any applicable legislation that permits or requires certain such indebtedness or obligations to rank either junior or senior to the Senior Notes.

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

(b) *Senior Non-Preferred Notes*

This Condition 3(b) is applicable in relation to Notes specified hereon as being Senior Non-Preferred Notes (and, for the avoidance of doubt, does not apply to Senior Notes).

The Senior Non-Preferred Notes (being notes intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-bis of Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the “**Banking Act**”) and the Coupons relating to them constitute unsecured, unsubordinated and non-preferred obligations of UBI Banca and rank *pari passu* and without any preference among themselves and otherwise in accordance with the paragraph immediately below. UBI Banca has covenanted in the Trust Deed, in relation to each Series of Senior Non-Preferred Notes, that it will treat all Senior Non-Preferred Notes of such Series equally among themselves and that all amounts paid by UBI Banca in respect of principal and interest thereon will be paid *pro rata* on all Senior Non-Preferred Notes of such Series.

In the event of the bankruptcy, dissolution, liquidation or winding up of UBI Banca (including *Liquidazione Volontaria* or an order for *Liquidazione Coatta Amministrativa*), the payment obligations of UBI Banca under the Senior Non-Preferred Notes and the Coupons relating to them shall rank in right of payment 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, *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 in priority to any subordinated instruments and to the claims of shareholders of UBI Banca, pursuant to Article 91, section 1-bis, letter c-bis of the Banking Act, as amended from time to time.

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



(c) *Subordinated Notes*

This Condition 3(c) is applicable in relation to Notes specified hereon as being Subordinated Notes.

The Subordinated Notes and the Coupons relating to them constitute unsecured obligations of UBI Banca and rank *pari passu* and without any preference among themselves and otherwise in accordance with the paragraph immediately below. UBI Banca has covenanted in the Trust Deed, in relation to each Series of Subordinated Notes, that it will treat all Subordinated Notes of such Series equally among themselves and that all amounts paid by UBI Banca in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

In the event of the bankruptcy, dissolution, liquidation or winding up of UBI Banca (including *Liquidazione Volontaria* or an order for *Liquidazione Coatta Amministrativa*), the payment obligations of UBI Banca under the Subordinated Notes and the Coupons relating to them shall rank in right of payment in priority to those subordinated obligations expressed by their terms to rank lower than Subordinated Notes and the payment obligations of UBI Banca under the Subordinated Notes and the Coupons relating to them shall rank in right of payment after unsubordinated, unsecured creditors (including depositors) of UBI Banca and any subordinated obligations of UBI Banca that rank or are expressed by their terms to rank senior to Subordinated Notes but *pari passu* with all other present and future subordinated obligations of UBI Banca that are not expressed by their terms to rank or which do not rank junior or senior to the Subordinated Notes and in priority to the claims of shareholders of UBI Banca.

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

#### 4 Interest and other calculations

(a) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Accrual Period**” means, in relation to Day Count Fraction below, the actual number of days in the relevant period from and including the Start Date to but excluding the Interest Payment Date.

“**Actual Calculation Period**” means, in relation to Day Count Fraction below, the actual number of days from and including one Interest Period Date to but excluding the next Interest Period Date.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centres or, if no currency is indicated, generally in each of the Business Centres so specified.

“**Change of Interest Basis**” means, if applicable, the change of Interest Basis of the Notes as specified in the relevant Final Terms and in accordance with the provisions set out in Condition 4(f) (*Interest and other calculations – Change of Interest Basis*).

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - YM_1)] + (D_2 - D_1)}{360}$$

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 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 specified hereon, 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;

- (vii) if “**30E/360 (ISDA)**” is specified hereon, 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; and

(viii) if “**Actual/Actual – ICMA**” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year

where:

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“**Euro-zone**” means the region comprising Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and

each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**“Interest Amount”** means

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Basis”** means (i) with respect to Notes to which Condition 4(b) (*Rate of Interest and Accrual on Fixed Rate Notes*) applies, the Fixed Rate specified in the applicable Final Terms; (ii) with respect to Notes to which Condition 4(c) (*Interest on Reset Notes*) applies, the Reset Rate specified in the applicable Final Terms; (iii) with respect to Notes to which Condition 4(d) (*Interest on Floating Rate Notes and Inverse Floating Rate Notes*) and 4(e) (*Rate of Interest for Floating Rate Notes and Inverse Floating Rate Notes*) apply, the Floating Rate or the Inverse Floating Rate specified in the applicable Final Terms; and (iv) with respect to Notes to which Condition 4(g) (*Zero Coupon Notes*) applies, the Notes shall be specified to be Zero Coupon in the applicable Final Terms.

**“Interest Commencement Date”** means the date of issue of the Notes (the **“Issue Date”**) or such other date as may be specified hereon.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**“Interest Payment Date”** means the date on which Interest in respect of the Notes is payable, as specified hereon.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified hereon.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon.

“**ISDA Definitions**” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“**Reference Rate**” means EURIBOR or LIBOR, as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“**Specified Currency**” means the currency specified hereon or, if none is so specified, the currency in which the Notes are denominated.

“**Start Date**” means, in relation to Day Count Fraction above, the date from which interest for the relevant period begins to accrue.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(b) *Rate of Interest and Accrual on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(j).

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7 (*Taxation*)).

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(c) *Interest on Reset Notes*

(i) *Rates of Interest and Interest Payment Dates*

Each Reset Note bears interest:

- (a) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the Initial Rate of Interest;
- (b) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (c) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4(b).

For the purposes of the Conditions:

**“First Margin”** means the margin specified as such in the applicable Final Terms;

**“First Reset Date”** means the date specified in the applicable Final Terms;

**“First Reset Period”** means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

**“First Reset Rate of Interest”** means, in respect of the First Reset Period and subject to Condition 4(c)(ii), 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 First Margin;

**“Initial Rate of Interest”** has the meaning specified in the applicable 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 Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

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

**“Mid-Swap Floating Leg Benchmark Rate”** means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

**“Mid-Swap Rate”** means, in relation to a Reset Determination Date and subject to Condition 4(c)(ii), either:

- (a) 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
- (b) 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 of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

**“Rate of Interest”** means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

**“Reset Date”** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

**“Reset Determination Date”** means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of



each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period, as the case may be;

“**Second Reset Date**” means the date specified in the applicable Final Terms;

“**Subsequent Margin**” means the margin specified as such in the applicable Final Terms;

“**Subsequent Reset Date**” means the date or dates specified in the applicable Final Terms;

“**Subsequent Reset Period**” means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period and subject to Condition 4(c)(ii), 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 Subsequent Margin.

(ii) *Fallbacks*

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 (as defined below) 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.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) 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 First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

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 First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) 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, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 4(c)(ii) “**Reference Banks**” means the principal office in the principal financial centre of the Specified Currency of 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.

(d) *Interest on Floating Rate Notes and Inverse Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Inverse Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(j). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such date shall be brought forward to the immediately preceding Business Day and (b) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(e) *Rate of Interest for Floating Rate Notes and Inverse Floating Rate Notes*

(i) *Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-

zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**“Applicable Maturity”** means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(ii) *Inverse Floating Rate Notes*

The Rate of Interest in respect of Inverse Floating Rate Notes for each Interest Accrual Period shall be determined as follows:

Rate of Interest = Fixed Rate – Inverse Rate

where:

**“Fixed Rate”** has the meaning specified hereon; and

**“Inverse Rate”** means the relevant Reference Rate or ISDA Rate (as the case may be) specified hereon and calculated in accordance with the provisions of Condition 4(e)(i) as though references therein to “Floating Rate Notes” were to “Inverse Floating Rate Notes”.

(f) *Change of Interest Basis*

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 4(b) or Condition 4(d), each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a **“Switch Option”**), having given notice to the Noteholders in accordance with Condition 15 (*Notices*) and delivering such notice to the Paying Agent and

the Calculation Agent on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

“**Switch Option Expiry Date**” and “**Switch Option Effective Date**” shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Condition and in accordance with Condition 15 (*Notices*) prior to the relevant Switch Option Expiry Date.

(g) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note as determined in accordance with Condition 5(b) (*Redemption, Purchase and Options – Early Redemption of Zero Coupon Notes*). As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(ii) (*Redemption, Purchase and Options – Early Redemption of Zero Coupon Notes*)).

(h) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7 (*Taxation*)).

(i) *Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods, or (z) in relation to one or more Reset Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods or Reset Periods, in the case of (y) or (z), calculated, in each case, in accordance with Condition 4(b) or Condition 4(c)

above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(j) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(k) *Determination and publication of Rates of Interest, Interest Amounts, First Reset Date of Interest, Subsequent Reset Rate of Interest and Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

- (i) The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, including, in respect of Reset Notes, the calculation of the First Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate, in respect of Reset Notes, the First Reset Rate of Interest, any Subsequent Reset Rate of Interest, and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption

Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the rules of any stock exchange on which the Notes are listed or the rules of any other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, (including in respect of the calculation of the First Reset Rate of Interest and in respect of a Reset Period, the calculation of the Interest Amount payable on each Interest Payment Date falling in such Reset Period), the fourth Business Day after such determination.

- (ii) Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(d)(ii), the Interest Amount and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires.
- (iii) The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(l) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption or Optional Redemption Amount as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made



by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5 Redemption, Purchase and Options

### (a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount in the relevant Specified Currency.

### (b) *Early Redemption of Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), Condition 5(e) (*Redemption, Purchase and Options – Redemption for Regulatory Reasons*), (in respect of Senior Notes and Senior Non-Preferred Notes only) Condition 5(k) (*Issuer Call due to MREL Disqualification Event*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the “**Amortised Face Amount**” of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), Condition 5(e) (*Redemption, Purchase and Options – Redemption for Regulatory Reasons*), (in respect of Senior Notes and Senior Non-Preferred Notes only) Condition 5(k) (*Issuer Call due to MREL Disqualification Event*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such

Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(g) (*Interest and other calculations – Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(c) *Early Redemption of Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in 5(b) above), upon redemption of such Note pursuant to Condition 5(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), Condition 5(e) (*Redemption, Purchase and Options – Redemption for Regulatory Reasons*), (in respect of Senior Notes and Senior Non-Preferred Notes only) Condition 5(k) (*Issuer Call due to MREL Disqualification Event*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified hereon.

(d) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (subject to the provisions of Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*)) on any Interest Payment Date (if this Note is either a Floating Rate Note or an Inverse Floating Rate Note), or at any time (if this Note is neither a Floating Rate Note nor an Inverse Floating Rate Note), 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 as described in Conditions 5(b) and 5(c) above (together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 7 (*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, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(e) *Redemption for Regulatory Reasons*

This Condition 5(e) is applicable only in relation to Notes specified hereon as being Subordinated Notes.

In respect of any Series of Subordinated Notes, if Regulatory Call is specified hereon, upon the occurrence of a Capital Event, the Issuer may (subject to the provisions of Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*)), on any Interest Payment Date (if this Note is either a Floating Rate Note or an Inverse Floating Rate Note), or at any time (if this Note is neither a Floating Rate Note nor an Inverse Floating Rate Note), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount as described in Conditions 5(b) and 5(c) above together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption.

For the purpose of the Conditions:

a “**Capital Event**” is deemed to have occurred if, as a result of any amendment to, or change in, the Relevant Regulations which are in effect at the Issue Date, the Subordinated Notes are or are likely to be fully or partially excluded from the Tier 2 Capital of the Issuer and/or the Group;

“**Competent Authority**” means the European Central Bank in conjunction with the national competent authority, the Bank of Italy and/or any successor or replacement entity to either, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

“**Group**” means the Issuer and its consolidated subsidiaries;

“**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 and/or the Group from time to time ( including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, the CRD IV Package and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority); and

“**Tier 2 Capital**” has the meaning given to it by the Competent Authority from time to time.

(f) *Redemption at the Option of the Issuer*

If Call Option is specified hereon, the Issuer may (subject to the provisions of Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*)), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date (subject to, in the case of Subordinated Notes, the Optional Redemption Date not being earlier than the fifth anniversary of the Issue Date). Any such redemption of Notes shall be at their Optional

Redemption Amount together with interest accrued, if appropriate, to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(g) *Redemption at the Option of Noteholders*

This Condition 5(g) is applicable only in relation to Notes specified hereon as being Senior Notes or Senior Non-Preferred Notes.

In respect of any Series of Senior Notes or Senior Non-Preferred Notes, if Put Option is specified hereon, the Issuer shall (subject to the provisions of Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*)), at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) *Purchases*

The Issuer and any of its Subsidiaries (as defined in the Trust Deed) may subject as set out below and to the provisions of Condition 5(j) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Notes*), purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

Subordinated Notes may only be purchased by the Issuer or any of its Subsidiaries, unless and to the extent permitted by the Relevant Regulations at the relevant time the

Subordinated Notes to be purchased (a) do not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the aggregate nominal amount of the relevant Series of the Subordinated Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the aggregate nominal amount of Subordinated Notes which qualify on issue as "Tier 2 capital" for regulatory capital purposes of the Issuer from time to time outstanding and (b) are not purchased in order to be surrendered to any Paying Agent for cancellation.

(i) *Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries either (i) shall (subject, in the case of the cancellation of Subordinated Notes purchased by the Issuer or any of its Subsidiaries pursuant to the second paragraph of Condition 5(h) above, to the prior permission of the Competent Authority) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and upon such surrender shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) or (ii), if purchased in the ordinary course of a business of dealing in securities, may be resold or held by the Issuer or any such Subsidiary. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 10 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

(j) *Conditions to Early Redemption and Purchase of Notes*

(A) *Conditions to Early Redemption and Purchase of Senior Notes and Senior Non-Preferred Notes*

Any redemption or purchase of Senior Notes or Senior Non-Preferred Notes in accordance with Conditions 5(d), (f), (g), (h) or (k) is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Relevant Regulations 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 MREL Requirements).

(B) *Conditions to Early Redemption and Purchase of Subordinated Notes*

Any redemption or purchase of Subordinated Notes in accordance with Conditions 5(d), (e), (f) or (g) is subject to:

- (i) the Issuer giving notice to the Competent Authority and the Competent Authority granting permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the Relevant Regulations (as defined in Condition 5(e) (*Redemption, Purchase and Options – Redemption for Regulatory Reasons*)) including Articles 77(b) and 78 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR Regulation**”));
- (ii) in respect of any redemption of the relevant Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Relevant Regulations (a) in the case of redemption pursuant to Condition 5(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), the Issuer having demonstrated to the satisfaction of the Competent Authority that the relevant change or amendment is material and was not reasonably foreseeable as at the Issue Date or (b) in the case of redemption pursuant to Condition 5(e) (*Redemption, Purchase and Options – Redemption for Regulatory Reasons*), the Issuer having demonstrated to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable as at the Issue Date and the Competent Authority considering such Capital Event to be sufficiently certain; and
- (iii) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Relevant Regulations for the time being.

(k) *Issuer Call due to MREL Disqualification Event*

This Condition 5(k) is applicable only in relation to Notes specified hereon as being Senior Notes or Senior Non-Preferred Notes.

In respect of any Series of Senior Notes or Senior Non-Preferred Notes, if Issuer Call due to MREL Disqualification Event is specified hereon, the Issuer may (subject to the provisions of Condition 5(j)) on any Interest Payment Date (if this Note is either a Floating Rate Note or an Inverse Floating Rate Note), or at any time (if this Note is neither a Floating Rate Note nor an Inverse Floating Rate Note), on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount as described in Conditions 5(b) and 5(c) above together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption, if the Issuer determines that an MREL Disqualification Event has occurred and is continuing.

As used in these Conditions:

“**BRRD**” is as defined in Condition 18 (*Statutory Loss Absorption Powers*);

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

**“CRD IV Directive”** means Directive 2013/36/EU of the European Parliament and of the Council of June 26, 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;

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

**“EC Proposals”** means the amendments proposed to the CRD IV Directive, the CRR Regulation and BRRD published by the European Commission on 23 November 2016, as amended or updated in compromise drafts published by the European Commission as at the Issue Date and excluding any part of the amendments reflected in enacted legislation as at the Issue Date;

**“Group Entity”** is as defined in Condition 18 (*Statutory Loss Absorption Powers*);

**“Loss Absorption Power”** is as defined in Condition 18 (*Statutory Loss Absorption Powers*);

**“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 Senior Notes or Senior Non-Preferred 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 an 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 an 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 which gives effect to the EC Proposals differing, as it applies to the Issuer and/or the Group, in any respect from the form of the EC Proposals (including if the EC Proposals are not implemented in full), or (ii) the official interpretation or application of the EC Proposals as applicable to the Issuer 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 last Tranche of the Series of 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, a relevant Competent Authority or a Relevant Resolution 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;

“**Relevant Resolution Authority**” is as defined in Condition 18 (*Statutory Loss Absorption Powers*);

“**Resolution Power**” is as defined in Condition 18 (*Statutory Loss Absorption Powers*); and

“**SRM Regulation**” is as defined in Condition 18 (*Statutory Loss Absorption Powers*).

## 6 Payments and Talons

### (a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(f)(v) (*Payment and Talons – Unmatured Coupons and Unexchanged Talons*) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii) (*Payment and Talons – Unmatured Coupons and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States or its possessions by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank.

“**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

### (b) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in subparagraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency in which such payments are due by cheque drawn on a Bank subject as provided in paragraph (a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the



Record Date and, subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 7 (*Taxation*). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) such other agents as may be required by any stock exchange on which the Notes may be listed, in each case as previously approved in writing by the Trustee, and (vi) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Unexchanged Talons*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8 (*Prescription*)).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or an Inverse Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relevant unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender, if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8 (*Prescription*)).

(h) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Euro) which is a TARGET Business Day.

(i) *Definition of the Euro*

References in these Conditions to the Euro are to the currency which was introduced at the start of the third stage of European Economic and Monetary Union pursuant to Article 109(4) of the Treaty on the Functioning of the European Union, as amended from time to time.

## 7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or by the application or official interpretation thereof. In that event, the Issuer shall pay such additional amounts in respect of principal and interest in the case of Senior Notes or Senior Non-Preferred Notes (if permitted by the MREL Requirements), or interest only in the case of Subordinated Notes, as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required. The requirement to pay such additional amounts shall not apply:

- (a) in respect of any Note or Coupon presented for payment:
  - (i) by or on behalf of a Noteholder or Couponholder who is:

- (x) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or
- (y) liable to such taxes or duties by reason of his having some connection with the Republic of Italy, other than the mere holding of the Note or Coupon; or
- (ii) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
- (b) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time; or
- (c) in respect of any Note or Coupon where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 as amended from time to time; or
- (d) in respect of any Note or Coupon 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.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (*Interest and other calculations*) or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

If the Issuer becomes subject to any taxing jurisdiction other than Italy, references in these Terms and Conditions to Italy shall be construed as references to Italy and/or such other jurisdiction. For the avoidance of doubt, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law implementing such an intergovernmental agreement (any such

withholding or deduction, a “**FATCA Withholding**”), and no person shall be required to pay any additional amounts in respect of a FATCA Withholding.

## **8 Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **9 Events of Default**

- (a) The Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together, if appropriate, with accrued interest if the Issuer is subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy (as amended from time to time).
- (b) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or in relation to the Notes, provided that the Issuer shall not by virtue of the institution of any such proceedings, other than proceedings for the winding-up or dissolution of the Issuer or any proceedings which under the laws of Italy have an analogous effect to any of the foregoing (otherwise than for the purposes of any amalgamation, liquidation, merger or reconstruction on terms previously approved by the Trustee), be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. The Trustee shall not in any event be bound to take any of the actions referred to in this paragraph unless (1) it shall have been so directed in writing by the holders of Notes holding at least one-fifth of the principal amount of the Notes outstanding or by an Extraordinary Resolution and (2) it shall have been indemnified to its satisfaction.
- (c) No remedy against the Issuer other than as specifically provided by this Condition 9(a) or in the Trust Deed shall be available to the Trustee or the Noteholders or Couponholders whether for the recovery of amounts owing in respect of the Notes under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or in relation to the Notes or otherwise.

## **10 Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution

of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amount on the Notes, (ii) to reduce or cancel the nominal amount of or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to direct the Trustee to give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at the Final Redemption Amount of the Notes as provided in Condition 9(a) and Condition 9(b) or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. 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 of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the

Couponholders and, unless the Trustee agrees otherwise, such modification shall be notified to the Noteholders as soon as practicable.

(c) *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of any other company in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes the Coupons, the Talons and/ or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) *Substitution or Variation of Notes*

With respect to (i) any Series of Senior Notes or Senior Non-Preferred Notes, if at any time a MREL Disqualification Event occurs, and if Substitution or Variation of Notes is specified hereon, or (ii) all Notes, if Substitution or Variation of Notes is specified hereon, in order to ensure the effectiveness and enforceability of Condition 18 (*Statutory Loss Absorption Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent 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 Trustee and the holders of the Notes of that Series (or such other notice period as may be specified hereon), 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.

In these Conditions:

**"Qualifying Senior Notes"** means securities issued by the Issuer that:

- (i) other than in respect of the effectiveness and enforceability of Condition 18 (*Statutory Loss Absorption 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 that 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) have a ranking at least equal to that of the Senior Notes; (C) have 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; and

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

**“Qualifying Senior Non-Preferred Notes”** means securities issued by the Issuer that:

(i) other than in respect of the effectiveness and enforceability of Condition 18 (*Statutory Loss Absorption 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 that 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) have a ranking at least equal to that of the Senior Non-Preferred Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes; (D) have the same redemption rights as the Senior Non-Preferred Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Preferred Notes immediately prior to such variation or substitution; and

(ii) are listed on a recognised stock exchange if the Senior Non-Preferred Notes were listed immediately prior to such variation or substitution.

**“Qualifying Subordinated Notes”** means securities issued by the Issuer that:

(i) other than in respect of the effectiveness and enforceability of Condition 18 (*Statutory Loss Absorption 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 that also (A) comply with the then-current requirements of the Relevant Regulations in relation to Tier 2 Capital, (B) have a ranking at least equal to that of the Subordinated Notes; (C) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (D) have the same redemption rights as the Subordinated Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution; and

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



## **11 Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **13 Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding and (b) it shall have been indemnified, or if it so requires, secured (whether by way of advance payment or otherwise) to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from any obligation to take proceedings to enforce payment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

## 15 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## 16 Contracts (Rights of Third Parties) Act 1999

No person shall have the right to enforce any term or condition of any Notes under the Contracts (Rights of Third Parties) Act 1999.

## 17 Governing Law and Jurisdiction

### (a) *Governing Law*

The Trust Deed, the Notes, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law, except for Condition 3(b) (*Status of the Notes – Senior Non-Preferred Notes*) and Condition 3(c) (*Status of the Notes – Subordinated Notes*) each of which is governed by, and shall be construed in accordance with, Italian law.

### (b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) *Service of Process*

The Issuer has in the Trust Deed irrevocably appointed Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

## 18 Statutory Loss Absorption Powers

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Loss Absorption 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 Loss Absorption 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 Loss Absorption Power by the Relevant Resolution Authority.

Upon the Issuer being informed and notified by the Relevant Resolution Authority of the actual exercise of the date from which the Loss Absorption 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 Loss Absorption Power nor the effects on the Notes described in this clause.

The exercise of the Loss Absorption 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.

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 Loss Absorption Power to the Notes.

As used in these Conditions:

“**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 or replaced from time to time;

“**Group Entity**” means the Issuer or any legal person that is part of the Group;

“**Loss Absorption Power**” means any statutory write-down 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, 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;

**“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 Loss Absorption 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; and

**“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.

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## UBI BANCA AND THE UBI BANCA GROUP

The information set out below shall supplement the section of the Prospectus entitled “UBI Banca and the UBI Banca Group”, included on pages 109 to 131 of the Prospectus.

The following text shall be inserted as a new sub-section in the section of the Prospectus entitled “*Recent Developments*”, starting from page 116 of the Prospectus:

### ***“Approval of the 2017 financial statements by the Supervisory Board***

*On 6 March 2018, the Supervisory Board of UBI Banca, which met under the chairmanship of Ing. Andrea Moltrasio, approved the consolidated and separate annual financial statements of the Issuer as at and for the year ended on 31 December 2017, on the same terms as those approved by the Management Board on 8 February 2018 and as announced in the press release dated the same date. The consolidated financial statements and the separate financial statements of UBI Banca were subject to audit by Deloitte & Touche S.p.a. which issued the requisite opinions.”*

## FORM OF FINAL TERMS

The section entitled “*Form of Final Terms*”, included on pages 142 to 153 of the Prospectus, is deleted in its entirety and replaced with the text set out below:

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (MiFID II); (ii) a customer within the meaning of Directive 2002/92/EC (IMD), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**MIFID II Product Governance / Professional investors and ECPs only target market** – Solely for the purposes of each of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “MiFID II”)] [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 manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

### Final Terms dated [●]

#### Unione di Banche Italiane S.p.A.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the Euro [15,000,000,000] Debt Issuance 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 27 July 2017 [and the supplemental prospectus dated [●]] which [together] constitute[s] a base prospectus [for the purposes of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**)”. This document constitutes the

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<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive]<sup>2</sup> 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. [In the case of Notes admitted to trading on the [regulated market of the Irish Stock Exchange], [t][T]he Base Prospectus [and the supplemental prospectus] [is] [are] available for viewing at [www.centralbank.ie](http://www.centralbank.ie) and] during normal business hours copies may be obtained from Unione di Banche Italiane S.p.A., Piazza Vittorio Veneto, 8, 24122 Bergamo, Italy.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) contained in the Trust Deed dated [original date] and set forth in the Base Prospectus dated [28] July 2016 [and the supplemental prospectus dated [12 August 2016, 26 January 2017, 1 March 2017, 6 March 2017, 12 April 2017 and 5 July 2017]] and incorporated by reference into the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. 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 dated [current date] [and the supplemental prospectus dated [●]].[In the case of Notes admitted to trading on the [regulated market of the Irish Stock Exchange], [t][T]he Base Prospectus [and the supplemental prospectus] [is] [are] available for viewing at [www.centralbank.ie](http://www.centralbank.ie) and] during normal business hours copies may be obtained from Unione di Banche Italiane S.p.A., Piazza Vittorio Veneto, 8, 24122 Bergamo, Italy.

1	Issuer:	Unione di Banche Italiane S.p.A.
2	[(i)] Series Number:	[●]
	[(ii) Tranche Number:]	[●]
	[(ii) Date on which the Notes will become fungible]	[The Notes will be consolidated and will form a single Series with [identify earlier Tranche] [(insert number of the Series and ISIN Code)] [●] on [the Issue Date (insert date)]/[Not Applicable]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii) Tranche:]	[●]

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<sup>2</sup> The language included in square brackets shall be removed where exempt offers are made under this Base Prospectus.

- 5 Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
- 6 (i) Specified Denominations: [●]  
*(N.B. Senior Notes and Subordinated Notes must have a minimum denomination of €100,000 (or equivalent). In the case of Senior Non-Preferred Notes, such Notes must have a minimum denomination of €250,000 (or equivalent)).*
- (ii) Calculation Amount (in [●] relation to calculation of interest in global form see Conditions):
- 7 [(i)] Issue Date: [●]  
 [(ii)] Interest Commencement Date: [●]
- 8 Maturity Date: [●]  
*(N.B. Unless otherwise permitted by then current laws, regulations and directives, Senior Non-Preferred Notes must have a maturity of not less than twelve months and Subordinated Notes must have a maturity of not less than five years.)*
- 9 Interest Basis: [[●] per cent. Fixed Rate]  
 [●] per cent. to be reset on [●] [and [●]] and every [●] anniversary thereafter]  
 [[LIBOR/EURIBOR] +/[●] per cent. Floating Rate][Inverse Floating Rate]  
 [Zero Coupon]
- 10 Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount
- 11 Change of Interest Basis: [Applicable/Not Applicable]  
*[If applicable, specify the date when any fixed to floating rate or vice-versa change occurs or refer to paragraphs 14 and 16 below and identify there/Not Applicable]*  
 [Applicable - [specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]/[Not Applicable]
- (a) Switch Option:  
*(The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 15 (Notices) on or prior to the relevant Switch*



*Option Expiry Date)*

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

- [●]
- (b) Switch Option Expiry Date: [●]
- (c) Switch Option Effective Date: [●]
- 12 Put/Call Options: [Investor Put]  
*(N.B. Only relevant in the case of Senior Notes or Senior Non-Preferred Notes)*  
[Issuer Call]  
[Regulatory Call]  
*(N.B. Only relevant in the case of Subordinated Notes)*  
[Issuer Call due to MREL Disqualification Event]  
*(N.B. Only relevant in the case of Senior Notes or Senior Non-Preferred Notes)*  
[Not Applicable]
- 13 [(i)] Status of the Notes: [Senior/Senior Non-Preferred/Subordinated]
- [(ii)] [Date [Board] approval for [●] [and [●], respectively] issuance of Notes obtained:

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

- 14 **Fixed Rate Note Provisions:** [Applicable]/[Not Applicable]/*(if a Change of Interest Basis applies):* [Applicable for the period starting from [and including] [●] ending on [but excluding] [●]]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi annually/ quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]

		[Actual/Actual ICMA]
	(vi) Determination Dates:	[●] in each year / [Not Applicable]
15	<b>Reset Note Provisions:</b>	[Applicable/Not Applicable]
	(i) Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
	(ii) First Margin:	[+/-][●] per cent. per annum
	(iii) Subsequent Margin:	[+/-][●] per cent. per annum] [Not Applicable]
	(iv) Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date [until and excluding [●]]
	(v) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[●] per Calculation Amount][Not Applicable]
	(vi) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
	(vii) First Reset Date:	[●]
	(viii) Second Reset Date:	[●]/[Not Applicable]
	(ix) Subsequent Reset Date(s):	[●] [and [●]]
	(x) Relevant Screen Page:	[ISDAFIX1]/[ISDAFIX2]/[ISDAFIX3]/ [ISDAFIX4]/[ISDAFIX5]/[ISDAFIX6]/[●]/[Not Applicable]
	(xi) Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(xii) Mid-Swap Maturity	[●]
	(xiii) Day Count Fraction:	[Actual/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(xiv) Determination Dates:	[●] in each year
	(xv) Business Centre(s):	[●]
	(xvi) Calculation Agent:	[●]
16	<b>Floating Rate Note Provisions:</b>	[Applicable]/[Not Applicable]/(if a Change of Interest Basis applies): [Applicable for the period starting from [and including] [●] ending on [but excluding] [●]]
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment	[●]

Dates:

- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of [Screen Rate Determination/ISDA Determination] Interest is/are to be determined:
- (viii) Party responsible for [●] calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):
- (ix) Screen Rate Determination:
  - Reference Rate: [LIBOR/EURIBOR]
  - Interest Determination [●] Date(s):
  - Relevant Screen Page: [●]
- (x) ISDA Determination:
  - Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xi) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual ICMA]

17 **Inverse Floating Rate Note**[Applicable/Not Applicable]

**Provisions:**

- (i) Interest Period(s):
- (ii) Specified Interest Payment   
Dates:
- (iii) Interest Period Date:
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (v) Business Centre(s):
- (vi) Manner in which the Rate(s) of [Screen Rate Determination/ISDA Determination] Interest is/are to be determined:
- (vii) Party responsible for   
calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):
- (viii) Screen Rate Determination:
  - Reference Rate: [LIBOR/EURIBOR]
  - Interest Determination   
Date(s):
  - Relevant Screen Page:
- (ix) ISDA Determination:
  - Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- (x) Fixed Rate  per cent.
- (xi) Minimum Rate of Interest: [] per cent. per annum/Not Applicable]
- (xii) Maximum Rate of Interest: [] per cent. per annum/Not Applicable]
- (xiii) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]

- [Actual/Actual ICMA]
- 18 **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amount: [Actual/Actual / Actual/Actual (ISDA)]
- [Actual/365 (Fixed)]
- [Actual/365 (Sterling)]
- [Actual/360]
- [30/360/360/360/Bond Basis]
- [30E/360/Eurobond Basis]
- [30E/360 (ISDA)]
- [Actual/Actual ICMA]

#### PROVISIONS RELATING TO REDEMPTION

- 19 **Call Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount of each Note: [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
- 20 **Regulatory Call:** [Applicable/Not Applicable]
- (i) Notice period: [●]
- 21 **Put Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount of each Note: [●] per Calculation Amount
- (iii) Notice period: [●]
- 22 **Issuer Call due to MREL Disqualification Event:** [Applicable/Not Applicable]
- (i) Notice period: [●]
- 23 **Final Redemption Amount of each Note:** [●] per Calculation Amount

24 **Early Redemption Amount**

Early Redemption Amount(s) per [●] per Calculation Amount/as specified in Condition Calculation Amount payable on 5(b)/(c) (Redemption, Purchase and Options - Early redemption for taxation reasons or Redemption of Zero Coupon Notes / Early Redemption on redemption for regulatory of Other Notes ] reasons or on redemption due to MREL Disqualification Event or on event of default or other early redemption:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25 **Form of Notes:**

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

New Global Note: [Yes][No]

26 Financial Centre(s): [Not Applicable/[●]]

27 Talons for future Coupons to be attached to Definitive Notes: [Yes/No]

28 U.S. Selling Restrictions: [Reg S Compliance Category 1; TEFRA C/TEFRA D/TEFRA not applicable]

29 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.)*

30 Substitution or Variation of Notes: [Not Applicable]/[Applicable]/[Applicable only [in relation to MREL Disqualification Event]/[in order to

ensure the effectiveness and enforceability of Condition 18 (*Statutory Loss Absorption Powers*)

(ii) Notice period: [●]

**THIRD PARTY INFORMATION**

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

Signed on behalf of the Issuer:

By:.....

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Listing [Official List of the Irish Stock Exchange/Other]/[Not Applicable]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [●].]  
(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Notes to be issued [will not be rated] / [have been] / [are expected to be] rated:  
[S&P: [●]]  
[Moody's: [●]]  
[Fitch: [●]]  
[DBRS: [●]]
- The credit ratings included or referred to in these Final Terms [have been issued by S&P, Moody's, Fitch and/or DBRS] [each of ]which is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 and Regulation(EU) No. 462/2013 on credit rating agencies (the "**CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the European Securities and Markets Authority webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.)



3 **REASONS FOR THE OFFER**

[Reasons for the offer: [General funding purposes [and to improve the regulatory capital structure of the UBI Banca Group]] / [To [finance/refinance] Eligible Green Projects] (See "Use of Proceeds" wording in Base Prospectus)

4 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

5 **[Fixed Rate Notes only – YIELD**

Indication of yield: [●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/[●]]

Delivery: Delivery [against/free of] payment

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

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and *intra* day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the

date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. 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.]]

\* \* \* \* \*

The language of this Supplement is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them.

Copies of the Prospectus and this Supplement may be obtained from the registered office of the Issuer and on the Issuer's website (<http://www.ubibanca.it>). The contents of the Issuer's website do not form part of this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.