INFORMATION MEMORANDUM

Banca Sella Holding

BANCA SELLA HOLDING S.P.A.

(incorporated as a *Società per Azioni* in the Republic of Italy under registered number 01709430027, parent company of the "Sella" banking group pursuant to article 61, paragraphs 1 and 4 of the Legislative Decree No. 385 of 1 September 1993)

"*Euro 50,000,000 Tier II 10Y Callable Fixed Rate Reset Notes due 19 March 2034*"
ISIN: IT0005586752

The Euro 50,000,000 Tier II 10Years Callable Fixed Rate Reset Notes due 19 March 2034 (the **Notes**) will be issued by Banca Sella Holding S.p.A. (**Banca Sella Holding** or the **Issuer**). The Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer, as fully described under Condition 2 (*Status*) in the "*Terms and Conditions of the Notes*" and will be governed by, and construed in accordance with Italian law, as described under Condition 13 (*Governing Law and Submission to Jurisdiction*) in the "*Terms and Conditions of the Notes*".

Banca Sella Holding is a credit institution incorporated with limited liability as *società per azioni* in the Republic of Italy under registered number 01709430027, in its quality of parent company of the "Sella" banking group pursuant to article 61, paragraphs 1 and 4 of the Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented (the **Italian Consolidated Banking Act**) and registered with the Register of Banking Groups held by the Bank of Italy under number 3311 (the **Group**).

The Notes will be held in dematerialised form on behalf of the beneficial owners by Monte Titoli (as defined below) for the account of the relevant Monte Titoli Account Holders pursuant to the relevant provisions of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and in accordance with the Commissione Nazionale per le Società e la Borsa (**CONSOB**) and Bank of Italy Joined Regulation dated 13 August 2018, as subsequently amended and supplemented from time to time (the **CONSOB and Bank of Italy Joined Regulation**), as further described in the "*Terms and Conditions of the Notes*". **Monte Titoli Account Holder** means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depositary banks appointed by Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

The Notes will bear interest at the applicable Rate of Interest (as defined in Condition 3 (*Interest*)) from, and including, 19 March 2024 (the **Issue Date**), payable annually in arrears on 19 March in each year. Rate of Interest for each Interest Period (i) from (and including) the Issue Date to (but excluding) 19 March 2029 (the **Reset Date**) will be 5.92 per cent. *per annum* and (ii) from (and including) the Reset Date to (but excluding) 19 March 2034 (the **Maturity Date**) will be the Reset Rate of Interest, each as defined in Condition 3 (*Interest*).

Unless previously redeemed or purchased and cancelled as provided in "*Terms and Conditions of the Notes*", the Notes will be redeemed at 100 per cent. of their principal amount on 19 March 2034. Noteholders do not have the right to call for the redemption of the Notes. The Issuer may, at its option (subject, *inter alia*, to the approval of the Bank of Italy or any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer (the **Competent Authority**) as further set out in Condition 5.3 (*Redemption at the Option of the Issuer (Issuer Call)*) in "*Terms and Conditions of the Notes*"), redeem the Notes in whole, but not in part, on the Reset Date at their principal amount, together with interest accrued to the date fixed for redemption. The Issuer may also, at its sole discretion (but subject to the provisions of Condition 5.4 (*Redemption for*

Regulatory Reasons (Regulatory Call)), at any time, redeem the Notes in whole but not in part upon occurrence of a change in the regulatory classification of the Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, as Tier 2 Capital of the Issuer or the prudential consolidation perimeter headed by Maurizio Sella S.A.p.A. as financial holding company which has been exempted from the role of head of the Group (a **Regulatory Event**) and, in the event of any redemption upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date, subject to further conditions, as more fully described in Condition 5.4 (*Redemption for Regulatory Reasons (Regulatory Call)*). The Issuer may also, at its option (subject to the approval of the Competent Authority), redeem all the Notes, in whole but not in part, at any time at their principal amount together with interest accrued to but excluding the date fixed for redemption, for taxation reasons as further described in Condition 5.2 (*Redemption for Taxation Reasons*).

This information memorandum dated 15 March 2024 (the **Information Memorandum**) comprises admission document for the purposes of the application to the Access Milan Professional (the **Access Milan**), the Professional Segment of the Euronext Access market (formerly ExtraMOT), a multilateral trading facility organised and managed by Borsa Italiana S.p.A. (**Borsa Italiana**) and application has been made to Borsa Italiana for the Notes to be admitted to trading on the Access Milan, in accordance with the relevant rules. Access Milan is not a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**). References in this Information Memorandum to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on Access Milan. As of the date of this Information Memorandum, the Notes are not listed or admitted to trading on any other regulated market or multilateral trading facility, or equivalent, Italian or foreign, nor does the Issuer currently plan to apply for admission to listing or admitted to trading of the Notes on any other regulated market or multilateral trading facility other than the Euronext Access Market.

This Information Memorandum do not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and no prospectus is required in connection with the issuance of the Notes, in accordance with Article 1 of the Prospectus Regulation, Article 100 of the Financial Services Act and Article 34-ter of the and the CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (the **Regulation 11971/1999**). The publication of this document has therefore not been authorised by CONSOB pursuant to the Prospectus Regulation or any other rule or regulation on the drafting and publication of prospectuses pursuant to the Financial Services Act and the Regulation 11971/1999.

Neither this Information Memorandum nor the transaction described herein constitutes an offer to the public of financial instruments nor an admission of financial instruments to a regulated market as defined by the Financial Services Act and the Regulation 11971/1999.

The English language is the language used by the Issuer for the purposes of this Information Memorandum, as well as the language that will be used for all documents and information made available and/or to be made available to investors and for any other document and information required by applicable laws, including secondary laws, by the Terms and Conditions of the Notes and by the Euronext Access Market rules adopted by Borsa Italiana on 11 September 2023, as amended from time to time (the Euronext Access Market Rules).

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE U.S. SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMBPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE NOTES MAY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD ENSURE THAT THEY UNDERSTAND THE NATURE OF THE NOTES AND THE EXTENT OF THEIR EXPOSURE TO RISKS AND THAT THEY CONSIDER THE SUITABILITY OF THE NOTES AS AN INVESTMENT IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL CONDITION. FOR A DISCUSSION OF THESE RISKS SEE "*RISK FACTORS*" BELOW. THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO "RETAIL CLIENTS" (AS DEFINED IN MIFID II) IN THE EUROPEAN ECONOMIC AREA (*EEA*). THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO "*RETAIL CLIENTS*" (AS DEFINED IN REGULATION (EU) NO 2017/565 AS IT FORMS PART OF THE LAWS OF THE UNITED KINGDOM) IN THE UNITED KINGDOM. POTENTIAL INVESTORS SHOULD READ THE WHOLE OF THIS DOCUMENT, IN PARTICULAR THE SECTION "*RISK FACTORS*" BELOW.

15 March 2024

This Information Memorandum has not been reviewed, examined nor approved by CONSOB and Borsa Italiana.

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Information Memorandum. 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 Information Memorandum is in accordance with the facts and this Information Memorandum do not omit anything likely to affect the import of such information. The Issuer declare that this Information Memorandum has been adequately reviewed by it as to the completeness, consistency and comprehensibility of the information included therein.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Information Memorandum shall be read and constructed on the basis that such documents are incorporated and form part of this Information Memorandum.

This Information Memorandum contains or incorporates by reference industry and customer-related data as well as calculations taken from industry reports, market research reports, publicly available information and commercial publications. It is hereby confirmed that (a) to the extent that information reproduced herein derives from a third party, such information has been accurately reproduced and (b) insofar as the Issuer is aware and is able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

Commercial publications generally state that the information they contain originates from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed, and that the calculations contained therein are based on a series of assumptions. External data have not been independently verified by the Issuer.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Information Memorandum nor any other information supplied in connection with the Notes (A) is intended to provide the basis of any credit or other evaluation or (B) should be considered as a recommendation by the Issuer or by any other member of the Group that any recipient of this Information Memorandum or any other information supplied by the Issuer or such other information as is in the public domain in connection with the Notes should purchase the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither this Information Memorandum nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or by any other member of the Group to any person to subscribe for or to purchase the Notes.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, *inter alia*, the documents incorporated by reference to this Information Memorandum when deciding whether or not to purchase the Notes. Neither the delivery of this Information Memorandum nor the offering, sale or delivery of the Notes shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Information Memorandum.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy

the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Information Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or the Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in the United States, the United Kingdom, the EEA and the Republic of Italy.

Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of **MiFID II**; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA 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.

Prohibition of sales to UK 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 United Kingdom (UK). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the laws of the United Kingdom; or (ii) a customer within the meaning of the provisions of the Financial Services and Market Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the laws of the United Kingdom. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the laws of the United Kingdom (as amended, the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the 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.

The target market assessment is without prejudice to the requirements of any contractual or legal selling restrictions in relation to the Notes.

For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Notes.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information in this Information Memorandum relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2022 and from the unaudited consolidated interim financial statements of the Issuer for the six months ended on 30 June 2023 (together, the **Financial Statements**).

The Issuer's financial year ends on 31 December, and references in this Information Memorandum to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union (**IFRS**).

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

a. has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum;

b. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

c. has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

d. understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

e. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TABLE OF CONTENTS

RISK FACTORS

RISKS RELATING TO THE NOTES

The following does not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

Terms defined in the Terms and Conditions of the Notes and not otherwise defined shall have the same meanings given to such terms in the Terms and Conditions of the Notes, except where the context otherwise requires.

Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision with respect to the Notes.

The Notes are complex instruments that may not be suitable for certain investors

The Notes are complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances and, in particular:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or attached to this Information Memorandum or in any relevant document;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost, including following the exercise by the relevant resolution authority of any bail-in power;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of the financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

The Notes are subordinated obligations of the Issuer

The Notes are intended to qualify as Tier 2 capital for regulatory capital purposes in accordance with Part II, Chapter 1 of the Bank of Italy's *Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in

Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time (the **Bank of Italy Regulation**), including any successor regulations, and Article 63 of the 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 and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time (including by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012) (the **CRD IV Regulation**). The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank: (i) after all unsubordinated, unsecured creditors of the Issuer (including depositors and holders of senior notes and senior non-preferred notes (*strumenti di debito chirografario di secondo livello*)) and after all creditors of the Issuer holding instruments that are or are expressed by their terms to be less subordinated than the Notes; (ii) at least *pari passu* without any preference among themselves and with all other present and future subordinated obligations of the Issuer that are not expressed by their terms to rank or which do not rank junior or senior to the Notes, save for those preferred by mandatory and/or overriding provisions of law; and (iii) in priority to the claims of shareholders of the Issuer and to all other present and future subordinated obligations of the Issuer which rank or are expressed by their terms to rank junior to the Notes , as more fully described in the "*Terms and Conditions of the Notes*".

In the event of incomplete payment of unsubordinated creditors in the event of a liquidation, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Notes (save as otherwise provided under applicable law from time to time).

Noteholders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer, in accordance with the applicable laws and regulations.

Although the Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment should the Issuer become insolvent.

The Notes may be subject to loss absorption on any application of BRRD resolution tools, including the General Bail-in Tool, or at the point of non-viability of the Issuer

Under the framework laid down by the BRRD the Relevant Resolution Authority may have the power to apply "resolution" tools if the Issuer is failing or likely to fail, as an alternative to compulsory liquidation proceedings. Specifically, these tools are: (1) the sale of business assets or shares of the Issuer; (2) the establishment of a bridging organization; (3) the separation of the unimpaired assets of the Issuer from those which are deteriorated or impaired; and (4) a bail-in (the **Bail-in Power**), through write-down/conversion into equity of regulatory capital instruments as well as other liabilities of the Issuer (including the Notes) if the relevant conditions are satisfied and in accordance with the creditors' hierarchy provided under the relevant provisions of Italian law.

Investors are advised that the Issuer is not currently under the direct supervision of the European Central Bank (**ECB**) and the Single Resolution Board. Nonetheless, the Issuer remains subject to the Bail-in Power as the Relevant Resolution Authority is the Bank of Italy.

Investors should note that by its acquisition of the Notes (both at issuance and on the secondary market), each holder of the Notes acknowledges, recognizes, accepts, agrees to be bound by and consents to the

exercise of any Bail-in Power by a Relevant Resolution Authority which could result in the cancellation of all, or part, of the principal amount of, or interest on, the Notes and / or the conversion of all or part of the principal amount of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or any other person, including by means of a variation to the terms of the Notes, in any case to implement the exercise by a Relevant Resolution Authority of such Bail-in Power. Each holder of the Notes acknowledges, accepts and agrees that its rights as holder of the Notes are subject to, and will be modified, if necessary, so as to give effect to the exercise of that power by any Relevant Resolution Authority.

The exercise of any Bail-in Power, which could result in the Notes being written down or converted into equity pursuant to such statutory measures, or any suggestion of such exercise could, therefore, materially adversely affect the rights of the Noteholders, the price or value of their investment in the Notes, the ability of the Issuer to satisfy its obligations under the Notes, and may have a negative impact on the market value of the Notes.

Investors should be aware that, in addition to the Bail-in Power, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Notes at the point of non-viability and before any other resolution action is taken, with losses absorbed in accordance with the priority of claims under normal insolvency proceedings (**Non-Viability Loss Absorption**). Any shares issued to holders of the Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

As a result, the Notes may be subject to a partial or full write-down or conversion to Common Equity Tier 1 instruments of the Issuer. Accordingly, trading behaviour may also be affected by the threat that Non-Viability Loss Absorption may be applied to the Notes and, as a result, the Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the Non-Viability Loss Absorption is applied to the Notes or that such Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion. In addition, on 30 November 2021, Legislative Decree No. 193 of 8 November 2021 (the **193 Decree**) implementing the BRRD II was published in the *Gazzetta Ufficiale* and entered into force on 1 December 2021. The 193 Decree introduced point c-*ter*) under Article 91 paragraph 1-*bis*) of the Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy (the **Italian Banking Act**) transposing Article 48(7) of the BRRD II. The amended Article 91 of the Italian Banking Act provides for the following ranking:

- subordinated instruments which do not qualify (and no part thereof is recognized) as own funds items (*elementi di fondi propri*) shall rank senior to own funds items (including any instruments only partly recognized as own funds items (*elementi di fondi propri*)) and junior to senior non-preferred instruments (*strumenti di debito chirografario di secondo livello*);

- if instruments which qualified in whole or in part as own funds items (*elementi di fondi propri*) cease, in their entirety, to be classified as such, they will rank senior to own fund items (*elementi di fondi propri*) but junior to senior non-preferred instruments.

In light of the above, if the Notes (which qualify or qualified at any time either in whole or in part as Own Funds items) were to be disqualified entirely as Own Funds items in the future, their ranking would improve compared to subordinated notes which at the relevant time qualify as Own Funds items (in whole or in part) and would rank *pari passu* with subordinated notes which at the relevant time are not qualified in whole or in part as Own Funds item. In the event of a liquidation or bankruptcy of the Issuer, the Issuer would, *inter alia*, be required to pay subordinated creditors of the Issuer whose claims rank in priority to

the Notes, including those whose claims arise from liabilities that no longer fully or partially are recognized as an own funds instrument in full before it can make any payments on the Notes which, at the relevant time, qualify as Own Funds items (in whole or in part). Furthermore, if the Notes are fully disqualified as Own Funds items, such Notes would not be subject to a write-down or conversion into common shares at the point of non-viability even though they would continue to be subject to bail-in, and, in the event the Issuer were to receive extraordinary financial support in accordance with the EU state aid framework and the BRRD, the burden sharing requirements of such legislation.

For completeness, in certain circumstances if the Issuer were to receive State aid, related precautionary recapitalisation EU state aid rules require that shareholders and junior bondholders (which would include holders of the Notes) contribute to the costs of restructuring, meaning, inter alia, the Notes could be subject to permanent write-down or conversion into equity capital instruments also in this context.

The circumstances under which the relevant resolution authority would use the General Bail-in Tool are currently uncertain

There remains uncertainty as to how or when the Bail-in Power may be used and how it would affect the Issuer, the Group and the Notes. The determination that all or part of the principal amount of the Notes will be subject to write-down/conversion into equity is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's and the Group's control. Although there are proposed pre-conditions for the exercise of the Bail-in Power, there remains uncertainty regarding the specific factors which the relevant resolution authority would consider in deciding whether to exercise the Bail-in Power with respect to a financial institution and/or securities, such as the Notes, issued by that institution. In particular, in determining whether an institution is failing or likely to fail, the relevant resolution authority shall consider a number of factors, including, but not limited to, an institution's capital and liquidity position, governance arrangements and any other elements affecting the institution's continuing authorisation. Moreover, as the final criteria that the relevant resolution authority would consider in exercising any Bail-in Power is likely to provide it with discretion, Noteholders may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such Bail-in Power. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any bail-in tool by the relevant resolution authority may occur which would result in a principal write-off or conversion to equity. The uncertainty may adversely affect the value of any investment in the Notes.

Also, certain provisions of the BRRD remain subject to regulatory technical standards and implementing technical standards to be prepared by the European Banking Authority (**EBA**). In particular, on 18 April 2023, the European Commission published a proposal on the Crisis Management and Deposits Insurance (**CMDI Reform**) framework. The package consists of four legislative proposals that would amend existing EU legislation: the BRRD, the Deposit Guarantee Scheme Directive (**DGSD**) and the SRM Regulation (as defined in the Terms and Conditions). New aspects of the framework could include: (i) expanding the scope of resolution through a revision of the public interest assessment to include a regional impact so that more eurozone banks could be brought into the resolution framework, (ii) the use of deposit guarantee schemes to help banks, especially the small ones, to meet a key threshold for bearing losses of 8% of their own funds and liabilities, which then allows them to have access to the Single Resolution Fund, also funded by bank contributions, and help sell the problematic banks' assets and fund their exit from the market, (iii) amending the hierarchy of claims in insolvency and scrapping the "super-preference" of the Deposit Guarantee Schemes to put all deposits on equal pegging in an insolvency, but still above ordinary unsecured creditors with the aim of enabling the use of DGS funds in measures other than pay out of covered deposits without violating the least cost test. In addition to the BRRD, it is

possible that the application of other relevant laws, the CRD IV and any amendments thereto or other similar regulatory proposals, including proposals by the FSB on cross-border recognition of resolution actions, could be used in such a way as to result in the Notes being written down or converted into equity in the manner described above. Any actions by the relevant resolution authority pursuant to the powers granted to it as a result of the transposition of the BRRD, as further integrated and/or supplemented, or other measures or proposals relating to the resolution of financial institutions, may adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

Waiver of set-off

In Condition 2 (*Status*) of the Terms and Conditions of the Notes, each holder of a 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 or otherwise, in respect of such Note.

The Issuer is not prohibited from issuing further debt which may rank pari passu with or senior to the Notes

The Terms and Conditions of the Notes place no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including cancellation of interest and reduction of principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

There are no events of default under the Notes

Except as set out in Condition 8 (*Enforcement Event*), the Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on 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.

Early redemption and purchase of the Notes may be restricted

Any early redemption or purchase of Notes is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

(a) the Issuer giving notice to the Competent Authority and the Competent Authority granting prior permission to redeem or purchase the Notes (in each case subject to, and in accordance with, the then applicable Relevant Regulations, including Articles 77 and 78 of the CRD IV Regulation, as amended or replaced from time to time), where either:

(i) on or before such redemption or purchase (as applicable), the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Relevant Regulations by a margin that the Competent Authority considers necessary at such time; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date of the Notes, if and to the extent required under Article 78(4) of the CRD IV Regulation or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, as amended from time to time:

(i) in the case of redemption pursuant to Condition 5.2 (*Redemption for tax reasons*), the Issuer having demonstrated to the satisfaction of the Competent Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

(ii) in case of redemption pursuant to Condition 5.4 (*Redemption for regulatory reasons (Regulatory call)*), a Regulatory Event having occurred in respect of Notes; or

(iii) on or before such redemption or repurchase (as applicable), the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority having permitted that action on the basis of the determination that it would be classified from a prudential point of view and justified by exceptional circumstances; or

(iv) the Notes being repurchased for market making purposes,

subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Relevant Regulations for the time being.

There can be no assurance that the relevant Competent Authority will permit such redemption or purchase. In addition, the Issuer may elect not to exercise any option to redeem the Notes early or at any time. Holders of the Notes should be aware that they may be required to bear the financial risks of an investment in the Notes for a period of time in excess of the period from the Issue Date to the Reset Date.

Regulatory classification of the Notes

The intention of the Issuer is for the Notes to qualify on issue as "Tier 2 capital" for regulatory purposes. However, current regulatory practice by the Competent Authority does not require (or customarily provide) a confirmation prior to the issuance of Notes that the Notes will be treated as such.

If there is a change in the regulatory classification of the Notes that would be likely to result in their exclusion from "Tier 2 Capital" and, in respect of any redemption of the Notes proposed to be made prior to the fifth anniversary of the Issue Date, both of the following conditions are met: (i) the Competent Authority considers such a change to be reasonably certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Notes was not reasonably foreseeable by it as at the Issue Date, the Issuer will have the right to redeem the Notes in accordance with Condition 5.4 (*Redemption for regulatory reasons (Regulatory Call)*), subject to, *inter alia*, the prior approval of the relevant Competent Authority and in accordance with the then applicable

Relevant Regulations. There can be no assurance that holders of the Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes. In addition, the occurrence of such event could result in a decrease in the market price of the Notes.

The Notes are not covered by any collateral, personal guarantees by third parties nor by the Italian Inter-Bank Fund for the Protection of Deposits

The obligations in respect of the Notes are guaranteed solely by the assets of the Issuer and are not covered by any collateral, personal guarantees by third parties nor by the *Fondo Interbancario di Tutela dei Depositi* (Italian Inter-Bank Fund for the Protection of Deposits).

The Notes are subject to optional redemption by the Issuer

If the Issuer redeems the Notes pursuant to Condition 5.2 (*Redemption for Taxation Reasons*), Condition 5.3 (*Redemption at the Option of the Issuer (Issuer Call)*) or Condition 5.4 (*Redemption for Regulatory Reasons (Regulatory Call)*), such Notes will be redeemed at their principal amount, together with any accrued interest. Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Notes.

The optional redemption feature is likely to limit the market value of the Notes, as during any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Any optional redemption of the Notes is subject, *inter alia*, to the prior approval of the relevant Competent Authority and in accordance with the then applicable Relevant Regulations. See also "*Early redemption and purchase of the Notes may be restricted*" for further information.

The Rate of Interest applicable to the Notes will be reset on the Reset Date

In particular, the Rate of Interest applicable to the Notes will be reset on the Reset Date. Such Rate of Interest will be determined two T2 Settlement Days before the Reset Date and as such is not pre-defined at the date of issue of the Notes; it may be different from the Initial Rate of Interest and may adversely affect the yield of the Notes and therefore the market value of an investment in the Notes.

The Notes may be subject to variation without the consent of Noteholders

If (i) at any time a Regulatory Event or a Tax Event or an Alignment Event occurs and/or (ii) in order to ensure the effectiveness and enforceability of Condition 14 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions of the Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Noteholders), and having given not less than 30 nor more than 60 calendar days' notice to Monte Titoli, Paying Agent and the Noteholders, at any time vary the terms of the Notes, so that the Notes

remain or, as appropriate, became, Qualifying Subordinated Notes (as defined in the Terms and Conditions), **provided that** such variation does not itself give rise to any right of the Issuer to redeem the varied securities.

Change of law

The Terms and Conditions of the Notes will be governed by the laws of Italy. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Italy or administrative practice after the date of this Information Memorandum and any such change could materially adversely impact the value of the Notes affected by it.

No physical document of title issued in respect of the Notes issued in dematerialised form

The Notes are issued in dematerialised form and evidenced at any time through book entries pursuant to the relevant provisions of the Financial Services Act and in accordance with the CONSOB and Bank of Italy Joint Regulation. In no circumstance would physical documents of title be issued in respect of the Notes issued in dematerialised form. While the Notes are represented by book entries, investors will be able to trade their beneficial interests only through Monte Titoli and the authorised financial intermediaries holding accounts on behalf of their customers with Monte Titoli. As the Notes are held in dematerialised form with Monte Titoli, investors will have to rely on the procedures of Monte Titoli and the financial intermediaries authorised to hold accounts therewith, for transfer, payment and communication with the Issuer.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only such adviser is in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Information Memorandum.

Limitation on gross-up obligation under the Notes

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest and other proceeds under the Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount of principal due under the Notes upon redemption, and the market value of the Notes may be adversely affected.

Risks related to changes in the Italian fiscal law

Law No. 111 of 9 August 2023, published in the Official Gazette No. 189 of 14 August 2023 (**Law 111**), delegates power to the Italian Government to enact, within twenty-four months from its publication, one or more legislative decrees implementing the reform of the Italian tax system (the **Tax Reform**).

According to Law 111, the Tax Reform will significantly change the taxation of financial incomes and capital gains and introduce various amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage.

Investors should be aware that the amendments that may be introduced to the tax regime of financial incomes and capital gains could increase the taxation on interest, similar income and/or capital gains accrued or realised under the Notes and could result in a lower return of their investment. Prospective investors should consult their own tax advisors regarding the tax consequences described above.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or *pro rata* commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Reform of "benchmarks" such as EURIBOR

Interest rates and indices which are deemed to be "benchmarks" (including the euro interbank offered rate (**EURIBOR**)) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) was published in the official journal of the EU on 29 June 2016 and has applied from 1 January 2018. The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of the laws of the United Kingdom (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on the Notes, including, without limitation, that the methodology or other terms of the EURIBOR could be changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the EURIBOR.

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

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts without robust fallback provisions may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain "benchmarks": (i) discouraging market participants from continuing to administer or contribute to such "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

Pursuant to the Terms and Conditions of the Notes, if in relation to a Reset Interest Period, the 5-year Mid-Swap Rate cannot be determined because the annual mid-swap rate for euro swaps with a term of five years (the **Mid-Swap Rate**) does not appear on the Screen Page at the Relevant Time, a fallback mechanism provides that the Mid-Swap Rate applicable to such Reset Interest Period will be determined by the Paying Agent by averaging quotes obtained from reference banks, if available, or, if no such quotes are available, the applicable Mid Swap Rate will be an amount equal to the 5-year Mid-Swap Rate that most recently appeared on the Screen Page. As a result, if the Paying Agent is unable to obtain such quotes and rates, the Notes will effectively become fixed rate notes for the relevant Reset Interest Period (the **Fallback Mechanism**).

Additionally, if the Issuer determines that the Mid-Swap Rate (the **Original Reference Rate**) or the 6-month EURIBOR rate has ceased to be published or has been subject to a material change or has been discontinued or is prohibited from being used or is subject to restrictions or adverse consequences if used or is no longer available in the circumstances described in the Terms and Conditions of the Notes (a **Rate Event**), then the Issuer shall use reasonable endeavours to determine, acting in good faith and in a commercially reasonable manner, a successor benchmark rate that has replaced the Original Reference Rate (a **Successor Reference Rate**) or if the Issuer cannot determine a Successor Reference Rate, the Issuer may appoint an Independent Adviser to determine an alternative rate that is considered to have replaced the Original Reference Rate in customary market usage or is otherwise reasonably determined to be the most comparable to the Original Reference Rate in accordance with the terms of Condition 3.5 (*Interest - Reference Rate Replacement*) (the **Alternative Reference Rate**). Any such determination may also result in changes to, *inter alia*, the day count convention, definition of business day and/or Reset Rate of

Interest Determination Date and any method for obtaining the Original Reference Rate if such Alternative Reference Rate is unavailable on the relevant business day, in a manner that has broad market support for such Alternative Reference Rate. If the Issuer determines that a Rate Event has occurred, but the Issuer is unable to determine a Successor Reference Rate or the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser appointed by the Issuer is unable to determine an Alternative Reference Rate or the Issuer fails to determine an Alternative Reference Rate, the Original Reference Rate for the affected Reset Interest Period will be determined in accordance with the Fallback Mechanism described above.

The use of a Successor Reference Rate or an Alternative Reference Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Notes if the Original Reference Rate remained available in its current form. Furthermore, the Issuer may have to exercise its discretion to determine (or to elect not to determine) a Successor Reference Rate or an Alternative Reference Rate, including if the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser appointed by the Issuer fails to determine an Alternative Reference Rate, in a situation in which it is presented with a conflict of interest.

More generally, any of the above changes or any other consequential changes to any "benchmark" on which interest payments under the Notes are based 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 the 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 the Notes, since the rate of interest may be changed in ways which may be adverse to holders of such Notes, without any requirement that the consent of such holders be obtained.

RISKS RELATED TO THE MARKET GENERALLY

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

The secondary market generally

Although application has been made to admit the Notes to trading on the Access Milan Professional Segment of the Euronext Access Market, the Notes will have no established trading market when issued, and one may never develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Moreover, although pursuant to Condition 5.5 (*Purchases*) of the Terms and Conditions of the Notes the Issuer can purchase the Notes at any moment, this is not an obligation for the Issuer. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and other industrialised countries. There can be no assurance that events in Italy, Europe, the

United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Information Memorandum), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Exchange rate risks and exchange controls

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

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

Interest rate risks

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them. See also "*The Rate of Interest applicable to the Notes will be reset on the Reset Date*" above.

The rating assigned to the Notes by DBRS Ratings GmbH is not expected to be investment grade

The rating assigned to the Notes by DBRS Ratings GmbH is not expected to be investment grade upon issue, and, as such, the Notes may be subject to a higher risk of price volatility than higher-rated securities. Furthermore, increases in leverage or deteriorating outlooks for the Issuer, or volatile markets, could lead to a significant deterioration in market prices of below-investment grade rated securities such as the Notes, as rated by DBRS Ratings GmbH.

Legal investment considerations may restrict certain investments

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

to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risk of Deterioration of the Issuer's Credit Rating

The market value of the Notes could decrease in the event of a deterioration of the Issuer's financial position, a deterioration of its credit rating or a change in the Issuer's risk assessment.

Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained

The Notes are expected to be rated by DBRS Ratings GmbH, which is established in the European Union and registered under the Regulation (EC) No. 1060/2009 (as amended) (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 ESMA webpage). This rating may not reflect the potential impact of all risks related to structure, market, additional factor discussed above and other factors that may affect the value of the Notes or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any ratings of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Information Memorandum or that one or more rating agencies other than DBRS Ratings GmbH will assign ratings to the Notes. If any rating assigned to the Notes and/or the Issuer, including any unsolicited credit rating, is assigned at a lower level than expected or subsequently is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

In addition, rating agencies regularly reassess the methodologies used to measure the creditworthiness of companies and securities. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing.

In particular, there might be changes in the rating methodologies for instruments such as the Notes. As a consequence of such reassessments in rating criteria, the Notes ratings may be modified. If the Notes are downgraded, they may be subject to a higher risk of price volatility than higher-rated securities and their market value may decline.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third-country non-EEA rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under Regulation (EC) No. 1060/2009 as it forms part of the laws of the United Kingdom (the **UK CRA Regulation**). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Information Memorandum.

Risks related to inflation

The repayment of the nominal amount of the Notes at maturity does not protect investors from the risk of inflation, i.e. it does not guarantee that the purchasing power of the invested capital will not be affected by the increase in the general price level of consumer products. Consequently, the real return of the Notes, which is the adjusted return taking into account the inflation rate measured during the life of the Notes themselves, could be negative.

OVERVIEW

This overview section must be read as an introduction to this Information Memorandum and any decision to invest in the Notes should be based on a consideration of this Information Memorandum as a whole.

Words and expressions included in the "*Terms and Conditions of the Notes*" shall have the same meanings in this section.

Issuer	Banca Sella Holding S.p.A.
Issuer Legal Entity Identifier (LEI):	549300ABE4K96QOCEH37
Notes:	Euro 50,000,000 Tier II 10Y Callable Fixed Rate Reset Notes due 19 March 2034
Issue Price:	100%
Paying Agent and Calculation Agent:	Banca Sella Holding S.p.A. The Issuer is entitled to appoint a different Paying Agent in accordance with Condition 4.5 (*Initial Paying Agents*).
Form and Denomination:	The Notes will be issued in bearer form in denominations of Euro 200,000 and integral multiples of Euro 1,000 in excess thereof.
Status of the Notes:	Subject as set out below, the Notes are intended to qualify as Tier 2 capital for regulatory capital purposes in accordance with Part II, Chapter 1 of the Bank of Italy's *Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations (the **Bank of Italy Regulation**), and Article 63 of the 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 and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time (including by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012) (the **CRD IV Regulation**). The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank: (i) after all unsubordinated, unsecured creditors (including depositors and holders of senior notes and senior non-preferred notes (*strumenti di debito chirografario di secondo livello*)) of the Issuer and after all creditors of the Issuer holding instruments that are or are expressed by their terms to be less subordinated than the Notes; (ii) at least *pari passu* without any preference among themselves and with all other present and future

	subordinated obligations of the Issuer that are not expressed by their terms to rank or which do not rank junior or senior to the Notes, save for those preferred by mandatory and/or overriding provisions of law; and (iii) in priority to the claims of shareholders of the Issuer and to all other present and future subordinated obligations of the Issuer which rank or are expressed by their terms to rank junior to the Notes. In the event the Notes do not qualify or cease to qualify, in their entirety, as Own Funds, the Notes shall rank: (i) subordinated and junior to unsubordinated unsecured creditors of the Issuer (including depositors and holders of senior notes and senior non-preferred notes (*strumenti di debito chirografario di secondo livello*)); (ii) *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which do not qualify or have ceased to qualify, in their entirety, as Own Funds and with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the Notes (which do not qualify or have so ceased to qualify, in their entirety, as Own Funds); and (iii) senior to instruments which qualify (in whole or in part) as own fund items (*elementi di fondi propri*).
Maturity:	19 March 2034
Interest and Interest Payment Dates:	The Notes will bear interest at the applicable Rate of Interest from and including the Issue Date, and will be payable annually in arrear on 19 March of each year (each, an **Interest Payment Date**). The Rate of Interest in respect of the period from (and including) the Issue Date to (but excluding) the Reset Date (the **Initial Period**) will be equal to 5.92 per cent. *per annum*. The Rate of Interest for each Interest Period from (and including) the Reset Date to (but excluding) 19 March 2034 (the **Maturity Date**) (the **Reset Interest Period**), will be the sum of (a) the 5-Year Mid-Swap Rate in relation to the Reset Interest Period, and (b) 3.25 per cent. (the **Margin**). **Reset Date** means 19 March 2029. See Condition 3 (*Interest*).
No right of Noteholders to redeem:	The Notes may not be redeemed at the option of the Noteholders.
Redemption at the Option of the Issuer:	The Issuer may, at its sole discretion (but subject to the provisions of Condition 5.8. (*Conditions to Early Redemption and Purchase of Notes*)), redeem the Notes in whole, but not in part, on the Reset Date at their principal amount, together with all interest accrued to the date fixed for redemption.

Redemption for Regulatory Reasons:	In addition, the Issuer may, at its sole discretion (but subject to the provisions of Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*)), at any time, redeem the Notes in whole but not in part upon occurrence of a change in the regulatory classification of the Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, as Tier 2 Capital of the Issuer or the prudential consolidation perimeter headed by Maurizio Sella S.A.p.A. as financial holding company which has been exempted from the role of head of the Group (a **Regulatory Event**) and, in the event of any redemption upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date, if both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date. See Condition 5.4 (*Redemption for Regulatory Reasons (Regulatory Call)*).
Redemption for Taxation Reasons:	The Issuer may also, at its option (subject to the approval of the Competent Authority), redeem the Notes, in whole but not in part, at any time at their principal amount together with interest accrued to but excluding the date fixed for redemption, if (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 6 (*Taxation*)) or any political subdivision of, or any authority in, or of, a Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it. See Condition 5.2 (*Redemption for Taxation Reasons*).
Conditions to Early Redemption and Purchase of Notes:	Any redemption or purchase of Notes in accordance with, as appropriate, Condition 5.2, 5.3, 5.4 or 5.5 is subject to compliance with the then applicable Relevant Regulations. See Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*) Subject to the applicable conditions, the Competent Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) the Notes, in the limit of a predetermined amount, which shall 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 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 outstanding aggregate nominal amount of the Tier 2 instruments of the Issuer at the relevant time.
Enforcement Event:	In the event of a voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia, Liquidazione Coatta Amministrativa*) of the Issuer, any holder of a Note may, by written notice to the Issuer at the specified office of the Paying Agent, effective upon the date of receipt thereof by the Paying Agent, declare any such Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.
Events of Default:	None
Negative Pledge:	None
Cross Default:	None
Further Issues:	The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.
Taxation:	All payments of principal, interest and other amounts in respect of the Notes by or on behalf of the Issuer shall be made free and clear of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected or assessed by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. See Condition 6 (*Taxation*).
Rating	The Notes are expected to be rated "BB" by DBRS Ratings GmbH. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. See "*The rating assigned to the Notes by DBRS Ratings GmbH is not expected to be investment grade*" at page 19.**
Listing and admission to trading	Application has been made to Borsa Italiana for the Notes to be admitted to trading on the Access Milan Professional Segment of Euronext Access Market. Access Milan Professional is not a regulated market for the purposes of the MiFID II.
Clearing	Monte Titoli S.p.A.

ISIN	IT0005586752
Governing Law	The Notes and any non-contractual obligations arising out of them will be governed by Italian law.
Intended Regulatory Capital Treatment:	It is the intention of the Issuer that the Notes shall qualify as Tier 2 capital for regulatory capital purposes in accordance with Part II, Chapter 1 of the Bank of Italy Regulations, including any successor regulations, and Article 63 of the CRD IV Regulation.
Contractual Recognition of Bail-in Powers	By the acquisition of the Notes, each holder of the Notes acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Competent Authority (as defined in the "*Terms and Conditions of the Notes*") 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 of the Issuer 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 Competent Authority of such Bail-in Power. Each holder of the Notes further agrees that the rights of the holders of the Notes are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Competent Authority. For these purposes, a **Bail-in 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 Sella Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or Sella Group Entities, including (but not limited to) any such laws, regulations, rules or requirements (including the BRRD and/or the SRM Regulation) 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, an investment firm and/or any Sella Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person. Upon the Issuer being informed or notified by the Competent Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the holders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition. The exercise of the Bail-in Power by the Competent 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 Competent Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions or investment firms and/or Sella Group Entities incorporated in the relevant Member State.

Sella Group Entities means any legal person that is part of the Group.

See Condition 14 (*Contractual Recognition ff Statutory Bail-In Powers*)

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with the Notes. These are set out under "*Risk Factors*".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Information Memorandum shall be incorporated by reference into, and form part of, this Information Memorandum:

(a) the English translation of the Group's half-yearly unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2023 which can be found at the following link: https://www.sella.it/SSRDocumentDisplayer?dtdPG=GBS_SEMESTRALE2023_EN&dtdPE=1 (the **2023 Half-Yearly Financial Statements**);

(b) the English translation of the audited consolidated annual financial statements of the Group as at and for the financial year ended 31 December 2022 which can be found at the following link: https://www.sella.it/SSRDocumentDisplayer?dtdPG=GBS_ANNUALEINGLESE2022&dtdPE=1 (the **2022 Annual Financial Statements**);

(c) the press release dated 10 November 2023 and headed "*Sella Group: positive results for the first nine months of 2023*", which can be found at the following link: Sella Group: positive results for the first nine months of 2023 - Gruppo Sella - sellagroup (the **Results as at 30 September 2023 - Press Release**)

(d) the press release dated 9 February 2024 and headed "*Sella: very positive results for 2023 as growth continues*", which can be found at the following link: https://sellagroup.eu/-/sella-prosegue-la-crescita-molto-positivi-i-risultati-2023 (the **Results as at 31 December 2023 - Press Release**),

each to the extent specified in the cross-reference list below and save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein or in any subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer confirms that the profit estimates contained in the Results as at 31 December 2023 – Press Release and in the Results as at 30 September 2023 – Press Release incorporated by reference herein have been compiled and prepared on the basis which is both comparable with historical financial information of the Issuer and consistent with the Issuer's accounting policies.

Copies of documents incorporated by reference into this Information Memorandum can be obtained free of charge from the registered office of the Issuer at the address given at the end of this Information Memorandum and will be available for viewing on the websites of the Group (https://sellagroup.eu/).

The information incorporated by reference that is not expressly included in the cross-reference list below, is considered either not relevant or covered elsewhere in this Information Memorandum.

CROSS-REFERENCE LIST FOR DOCUMENTS INCORPORATED BY REFERENCE

Document	Information incorporated	Page(s)
2023 Half-Yearly Financial Statements	Interim management report as at 30 June 2023	5-77
	Consolidated Balance Sheet	79-80
	Consolidated Income Statement	81
	Consolidated Statement of Other Comprehensive Income	82
	Consolidated Statement of Changes in Equity	83
2022 Annual Financial Statements	*Consolidated Financial Statements:*	
	Consolidated Equity Summary Data	12
	Consolidated Economic Summary Data	13
	Alternative Group performance Indicators	14
	Consolidated Balance Sheet	318-319
	Consolidated Income Statement	320
	Consolidated Statement of Comprehensive Income	321
	Consolidated Statement of Changes in Equity	323
	Consolidated Cash Flow Statement	324
	Explanatory Notes	325-370
	Independent Auditor's Report	566-573[1]
Results as at 31 December 2023 - Press Release	Entire document	

[1] Pages number of the Independent Auditor's Report refer to the pages of the PDF document of the 2022 Annual Financial Statement.

Results as at 30 September 2023 – Press Release	Entire document

TERMS AND CONDITIONS OF THE NOTES

The €50,000,000 Tier II 10Y Callable Fixed Rate Reset Notes due 19 March 2034 (the **Notes**) are issued by Banca Sella Holding S.p.A. (the **Issuer**).

Any reference in these Terms and Conditions to **Noteholders** or **holders** in relation to the Notes shall mean the beneficial owners of Notes and evidenced in book entry form with Monte Titoli S.p.A. with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy (**Monte Titoli**) pursuant to the relevant provisions of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and in accordance with the Commissione Nazionale per le Società e la Borsa (**CONSOB**) and Bank of Italy Joint Regulation dated 13 August 2018, as subsequently amended and supplemented from time to time (the **CONSOB and Bank of Italy Joint Regulation**). No physical document of title will be issued in respect of the Notes. Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) are intermediaries authorised to operate through Monte Titoli.

The Issuer will also act as initial paying agent for the Notes (the **Paying Agent**), save that the Issuer is entitled to appoint a different Paying Agent in accordance with Condition 4.5 (*Initial Paying Agents*).

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

In these Terms and Conditions, the expression **Monte Titoli Account Holder** means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depositary banks appointed by Euroclear and Clearstream, Luxembourg.

In the Conditions, references to **euro** or **Euro** or **€** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION, TITLE AND PLACEMENT

1.1 Form and Denomination

The Notes are in bearer form in the denomination of €200,000 and integral multiples of €1,000 in excess thereof (the **Specified Denomination**). The Notes will be held in dematerialised form on behalf of the beneficial owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders as of their respective date of issue. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg.

1.2 Title

The Notes will at all times be evidenced by, and title to the Notes will be established or transferred by way of, book-entries pursuant to the relevant provisions of the Financial Services Act and in accordance with the CONSOB and Bank of Italy Jointed Regulation. No physical document of title will be issued in respect of the Notes.

Notes will be transferable only in accordance with the rules and procedures for the time being of Monte Titoli. References to the records of Euroclear and/or Clearstream, Luxembourg shall be to the records for which Monte Titoli acts as depository.

2. STATUS

2.1 Subject as set out below, the Notes are intended to qualify as Tier 2 Capital for regulatory capital purposes in accordance with Part II, Chapter 1 of the Bank of Italy's *Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time (the **Bank of Italy Regulation**), including any successor regulations, and Article 63 of the 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 and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time (including by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012) (the **CRD IV Regulation**). The Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank: (i) after all unsubordinated, unsecured creditors (including depositors and holders of senior notes and senior non-preferred notes (*strumenti di debito chirografario di secondo livello*)) of the Issuer and after all creditors of the Issuer holding instruments that are or are expressed by their terms to be less subordinated than the Notes; (ii) at least *pari passu* without any preference among themselves and with all other present and future subordinated obligations of the Issuer that are not expressed by their terms to rank or which do not rank junior or senior to the Notes, save for those preferred by mandatory and/or overriding provisions of law; and (iii) in priority to the claims of shareholders of the Issuer and to all other present and future subordinated obligations of the Issuer which rank or are expressed by their terms to rank junior to the Notes.

2.2 In the event the Notes do not qualify or cease to qualify, in their entirety, as Own Funds, the Notes shall rank: (i) subordinated and junior to unsubordinated unsecured creditors of the Issuer (including depositors and holders of senior notes and senior non-preferred notes (*strumenti di debito chirografario di secondo livello*)); (ii) *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which do not qualify or have ceased to qualify, in their entirety, as Own Funds and with all other present and future subordinated obligations of the Issuer which do not rank or are not expressed by their terms and/or by mandatory and/or overriding provisions of law to rank junior or senior to the Notes (which do not qualify or have so ceased to qualify, in their entirety, as Own Funds); and (iii) senior to instruments which qualify (in whole or in part) as own fund items (*elementi di fondi propri*).

2.3 Each holder of a 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 Note.

3. INTEREST

3.1 Interest Rate and Interest Payment Dates

The Notes bear interest at the applicable Rate of Interest from and including the Issue Date in accordance with the provisions of this Condition 3. Interest shall be payable annually in arrear on each Interest Payment Date, starting from, and including, 19 March 2025.

3.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10 (*Notices*).

3.3 Initial Rate of Interest and Reset Rate of Interest

The Rate of Interest for each Interest Period from (and including) the Issue Date to but excluding 19 March 2029 (the **Reset Date**) (the **Initial Period**) will be 5.92 per cent. per annum (the **Initial Rate of Interest**).

The Rate of Interest for each Interest Period from (and including) the Reset Date to (but excluding) the Maturity Date (the **Reset Interest Period**) will be the applicable Reset Rate of Interest determined in accordance with these Conditions.

3.4 Determination of Reset Rate of Interest in relation to the Reset Interest Period

The Calculation Agent will, as soon as reasonably practicable after 11:15 a.m. (Frankfurt time) on the day falling two T2 Settlement Days prior to the Reset Date (the **Reset Rate of Interest Determination Date**), determine the Reset Rate of Interest.

In these Conditions, **Calculation Agent** means the Paying Agent or such other entity designated for such purpose.

3.5 Reference Rate Replacement

Notwithstanding the fallback provisions in the definition of 5-year Mid-Swap Rate below, if the Issuer determines that a Rate Event has occurred when any Reset Rate of Interest (or component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply to the Notes:

(i) the Issuer shall use reasonable endeavours: (A) to determine a Successor Reference Rate and an Adjustment Spread (if any); or (B) if the Issuer cannot determine a Successor Reference Rate and an Adjustment Spread (if any), appoint an Independent Adviser to determine an Alternative Reference Rate, and an Adjustment Spread (if any) (in any such

case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Reset Rate of Interest Determination Date relating to the next Interest Period (the **IA Determination Cut-off Date**), for the purposes of determining the Reset Rate of Interest applicable to the Notes for such next Reset Interest Period and for all other future Reset Interest Periods (subject to the subsequent operation of this Condition 3.5 during any other future Reset Interest Period(s));

(ii) if the Issuer is unable to determine a Successor Reference Rate and the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Reset Rate of Interest Determination Date relating to the next Reset Interest Period (the **Issuer Determination Cut-off Date**), for the purposes of determining the Reset Rate of Interest applicable to the Notes for such next Reset Interest Period and for all other future Reset Interest Periods (subject to the subsequent operation of this Condition 3.5 during any other future Reset Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 3.5:

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Original Reference Rate for all future Reset Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.5);

(B) if the relevant Independent Adviser or the Issuer (as applicable):

(I) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Reset Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.5); or

(II) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Reset Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3.5); and

(C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(I) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) any Business Day, day count basis, Reset Rate of Interest Determination Date, Reset Reference Banks and/or Screen Page applicable to the Notes and (2) the method for determining the fallback to the Reset Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(II) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Reset Interest Periods (subject to the subsequent operation of this Condition 3.5); and

(iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 3.5(iii)(C) to the Calculation Agent, the Paying Agent and the Noteholders in accordance with Condition 10 (*Notices*).

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 3.5 or such other relevant changes pursuant to Condition 3.5(iii)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to any agency agreement entered into by the Issuer to appoint a different Paying Agent in accordance with Condition 4.5 (*Initial Paying Agents*), as applicable.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 3.5 prior to the relevant Issuer Determination Cut-off Date, then the Reset Rate of Interest for the next Reset Interest Period shall be determined by reference to the fallback provisions in the definition of 5-year Mid-Swap Rate below.

Notwithstanding any other provision of this Condition 3.5, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3.5, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital for regulatory capital purposes of the Issuer; and/or if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Competent Authority treating an Interest Payment Date as the effective maturity of the Notes.

3.6 Publication of Reset Rate of Interest

The Paying Agent or the Calculation Agent, as applicable, will cause the relevant Reset Rate of Interest to be notified to Monte Titoli, the Issuer, the Paying Agent (as applicable) and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and to be published in accordance with Condition 10 (*Notices*) as soon as reasonably practicable after such determination but in any event not later than the Reset Date.

3.7 Calculation of Interest Amount

The amount of interest payable in respect of a Note for any period shall be calculated by the Paying Agent or the Calculation Agent, as applicable, by:

(a) applying the applicable Rate of Interest to the nominal amount of such Note;

(b) multiplying the product thereof by the Day Count Fraction; and

(c) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

3.8 Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Paying Agent or the Calculation Agent, as applicable, or the Reset Reference Banks (or any of them), will (in the absence of manifest error) be binding on the Issuer, Monte Titoli, the Paying Agent (as applicable) and all Noteholders and (in the absence of gross negligence, default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Paying Agent or the Calculation Agent, as applicable, or the Reset Reference Banks (or any of them) in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition.

3.9 Definitions

In these Conditions:

5-year Mid-Swap Quotations means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the Reset Date which is equal to five years; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis);

5-year Mid-Swap Rate means, in relation to the Reset Interest Period and the Reset Rate of Interest Determination Date:

(a) the applicable annual mid-swap rate for swap transactions in euro (with a maturity equal to five years) as displayed on the Screen Page at 11.15 a.m. (Frankfurt time) on the Reset Rate of Interest Determination Date; or

(b) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate;

Actual/360 means the actual number of days in the relevant period divided by 360;

Adjustment Spread means a spread (which may be positive or negative or zero) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to the Noteholders as a result of the replacement of the Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which: (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or (iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable) or (iii) if no such industry standard is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

Alternative Reference Rate means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of notes denominated in euro and of a comparable duration to the Reset Interest Period or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate;

Day Count Fraction means the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

If interest is required to be calculated for a period of less than one year, it will be calculated on an actual/actual (ICMA) basis for each period, being the actual number of days elapsed during the relevant period divided by 365 (or by 366 if a 29 February is included in such period), the result being rounded to the nearest cent (half a cent being rounded upwards);

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

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

Interest Payment Date means 19 March in each year from (and including) 19 March 2025 up to (and including) the Maturity Date;

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

Issue Date means 19 March 2024;

Margin means 3.25 per cent.;

Maturity Date means 19 March 2034;

Rate Event means, in respect of the rate referred to under letter (a) of the definition of 5-year Mid-Swap Rate (the **Original Reference Rate**):

(a) the Original Reference Rate or the 6-month EURIBOR rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or being subject to a material change; or

(b) a public statement by the administrator of the Original Reference Rate or the 6-month EURIBOR rate that it will, by a specified date on or prior to the next Reset Rate of Interest Determination Date, cease publishing the Original Reference Rate or the 6-month EURIBOR rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate or the 6-month EURIBOR rate); or

(c) a public statement by the supervisor of the administrator of the Original Reference Rate or the 6-month EURIBOR rate, that the Original Reference Rate or the 6-month EURIBOR rate has been or will, by a specified date on or prior to the next Reset Rate of Interest Determination Date, be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the Original Reference Rate or the 6-month EURIBOR rate as a consequence of which the Original Reference Rate or the 6-month EURIBOR rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Notes, in each case by a specific date on or prior to the next Reset Rate of Interest Determination Date; or

(e) an official announcement by the supervisor of the administrator of the Original Reference Rate or the 6-month EURIBOR rate, with effect from a date after 31 December 2021, that the Original Reference Rate is no longer representative of its relevant underlying market; or

(f) it has become unlawful for the Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate or the 6-month EURIBOR rate;

Rate of Interest means:

(a) in the case of each Interest Period falling in the Initial Period, 5.92 per cent.; or

(b) in the case of each Interest Period falling in the Reset Interest Period, the Reset Rate of Interest,

all as determined by the Calculation Agent in accordance with this Condition 3.

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

Reset Date means 19 March 2029;

Reset Rate of Interest means, in relation to the Reset Interest Period, the sum of (a) the 5-year Mid-Swap Rate in relation to the Reset Interest Period and (b) the Margin;

Reset Reference Banks means five leading swap dealers in the principal interbank market relating to euro selected by the Issuer on the advice of an investment bank of international repute;

Reset Reference Bank Rate means the percentage rate determined on the basis of the 5-Year Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:15 a.m. (Frankfurt time) on the Reset Rate of Interest Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be an amount equal to the 5-year Mid-Swap Rate that most recently appeared on the Screen Page;

Screen Page means Bloomberg screen page "ICAE1", or such other screen page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

Successor Reference Rate means the rate: (i) that the Issuer determines is a successor to or replacement of the Original Reference Rate and (ii) that is formally recommended by any Relevant Nominating Body; and

T2 Settlement Day means any day on which the Trans-European Automated Real- Time Gross Settlement Express Transfer (T2) System or any successor or replacement for that system (**T2**) is open.

4. PAYMENTS

4.1 Payments in respect of Notes

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent to the accounts of the Monte Titoli Account Holders whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

4.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

4.3 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*).

4.4 Payment only on a Presentation Date

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not, except as provided in Condition 3 (*Interest*), be entitled to any further interest or other payment in respect of such delay.

Payment Date means a day which (subject to Condition 7 (*Prescription*)):

(a) is or falls after the relevant due date;

(b) is a Business Day; and

(c) in the case of payment by credit or transfer to a euro account as referred to above, is a T2 Settlement Day.

In this Condition, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Milan.

4.5 Initial Paying Agents

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

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

5. REDEMPTION AND PURCHASE

5.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 19 March 2034.

5.2 Redemption for Taxation Reasons

If:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 6 (*Taxation*)) or any political subdivision of, or any authority in, or of, a Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date (a **Tax Event**); and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (subject to the provisions of Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*)), having given not less than 30 nor more than 60 days' notice to Monte Titoli, the Paying Agent and, in accordance with Condition 10 (*Notices*), to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes, in whole but not in part, at any time at their principal amount together with interest accrued to but excluding the date fixed for redemption, 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, the Issuer shall make available to the Noteholders (i) a certificate signed by a Director or a duly authorised officer of the Issuer stating the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

5.3 Redemption at the Option of the Issuer (Issuer Call)

The Issuer may, subject to Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*), having given not less than 15 nor more than 45 calendar days' notice to Monte Titoli, the Paying Agent and, in accordance with Condition 10 (*Notices*), to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in

whole but not in part, on the Reset Date at their principal amount, together with interest accrued to but excluding the date fixed for redemption.

5.4 Redemption for Regulatory Reasons (Regulatory Call)

The Issuer may, at its discretion (subject to the provisions of Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*)), at any time, on giving not less than 30 nor more than 60 days' notice to Monte Titoli, the Paying Agent and, in accordance with Condition 10 (*Notices*), to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes, in whole but not in part, at their principal amount together with interest accrued to but excluding the date fixed for of redemption, upon the occurrence of a change in the regulatory classification of the Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, as Tier 2 Capital of the Issuer or the prudential consolidation perimeter headed by Maurizio Sella S.A.p.A. as financial holding company which has been exempted from the role of head of the "Sella" banking group (respectively, the **Sella Prudential Group** – headed by Maurizio Sella S.A.p.A. – and the **Sella Banking Group** – headed by the Issuer) (a **Regulatory Event**) and, in the event of any redemption upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date, if both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in regulatory classification of the Notes was not reasonably foreseeable by the Issuer as at the Issue Date.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall make available to the Noteholders a certificate signed by a Director or a duly authorised officer of the Issuer stating that the said circumstances prevail and describe the facts leading thereto and the Paying Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

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 (including but not limited to by the BRRD II);

BRRD II means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

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

CRD IV Directive means 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 (including but not limited to by the CRD V Directive);

CRD V Directive means the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as amended or replaced from time to time;

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

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

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

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

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 (including by the SRM II Regulation);

SRM II Regulation means Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms; and

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

5.5 Purchases

The Issuer or any of its Subsidiaries may, subject to the provisions of Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*), purchase Notes in the open market or otherwise (including for market making purposes) in any manner and at any price in accordance with applicable laws and regulations (including for the avoidance of doubt, the Relevant Regulations). Such Notes may, subject to the approval of the Competent Authority (if so required by the Relevant Regulations), be held, reissued, resold or, at the option of the purchaser, cancelled.

In this Condition:

Subsidiary means the subsidiaries, as defined under the Relevant Regulations applicable from time to time, that are part of the Sella Banking Group and included in the consolidated financial statements as at 31 December 2022; and

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 or the Sella Prudential Group and/or, as the context may require, the "resolution authority" or the "competent authority" as defined under the BRRD and/or the SRM Regulation.

5.6 Cancellations

All Notes which are redeemed will forthwith (subject to the provisions of Condition 5.8 (*Conditions to Early Redemption and Purchase of Notes*)) be cancelled. All Notes so redeemed and cancelled pursuant to this Condition, and the Notes purchased and cancelled pursuant to Condition 5.5 (*Purchases*) above cannot be reissued or resold.

5.7 Notices Final

Upon the expiry of any notice as is referred to in paragraph 5.2 (*Redemption for Taxation Reasons*), 5.3 (*Redemption at the Option of the Issuer (Issuer Call)*) or 5.4 (*Redemption for Regulatory Reasons (Regulatory Call)*) above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

5.8 Conditions to Early Redemption and Purchase of Notes

Any redemption or purchase of Notes in accordance with, as appropriate, Condition 5.2 (*Redemption for Taxation Reasons*), 5.3 (*Redemption at the Option of the Issuer (Issuer Call)*) or 5.4 (*Redemption for Regulatory Reasons (Regulatory Call)*) or 5.5 (*Purchases*) is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

(a) the Issuer giving notice to the Competent Authority and the Competent Authority granting prior permission to redeem or purchase the Notes (in each case subject to, and in accordance with, the then applicable Relevant Regulations, including Articles 77 and 78 of the CRD IV Regulation, as amended or replaced from time to time), where either:

  (i) on or before such redemption or purchase (as applicable), the Issuer having replaced the Notes with Own Funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

  (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such repayment or purchase, exceed the minimum requirements (including any capital buffer requirements) required under the Relevant Regulations by a margin that the Competent Authority considers necessary at such time; and

(b) in respect of a call, redemption repayment or repurchase prior to the fifth anniversary of the Issue Date, if and to the extent required under Article 78(4) of the CRD IV Regulation or the Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, as amended from time to time:

(i) in the case of redemption pursuant to Condition 5.2 (*Redemption for Taxation Reasons*), the Issuer having demonstrated to the satisfaction of the Competent Authority that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; or

(ii) in case of redemption pursuant to Condition 5.4 (*Redemption for Regulatory Reasons (Regulatory Call)*), a Regulatory Event having occurred in respect of the Notes; or

(iii) on or before such redemption or repurchase (as applicable), the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority having permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(iv) the Notes being repurchased for market making purposes,

subject in any event to any alternative or additional conditions or requirements as may be applicable from time to time under the Relevant Regulations.

Subject to the conditions set out at points (a) and (b) above (as applicable), the Competent Authority may grant a general prior permission, for a specified period which shall not exceed one year, after which it may be renewed, to redeem or purchase (including for market making purposes) the Notes, in the limit of a predetermined amount, which shall 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 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 outstanding aggregate nominal amount of the Tier 2 Capital instruments of the Issuer at the relevant time subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out at numbers (i) and (ii) of subparagraph (a) of the precedent paragraph.

6. TAXATION

6.1 Payment without Withholding

All payments of principal, interest and other amounts in respect of the Notes by or on behalf of the Issuer shall be made free and clear of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected or assessed by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts in respect of interest as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes if no such withholding or deduction had been required; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) the holder of which is liable for Taxes in respect of such Note by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Note; or

(b) presented for payment in Italy; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 4 (*Payments*)); or

(d) in the event of payment to a non Italian resident entity or individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities;

(e) for, or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time, or any related implementing regulations, and in all circumstances in which the procedures set forth in Legislative Decree No. 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions of omissions of the Issuer or its agents; or

(f) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note by making or procuring a declaration or any other statement, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption but has failed to do so.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulation or agreement thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA Withholding**) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

6.2 Interpretation

In these Conditions:

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Paying Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 10 (*Notices*); and

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

6.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

7. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes will be prescribed and become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date , subject to the provisions of Condition 4 (*Payments*).

8. ENFORCEMENT EVENT

In the event of a voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia, Liquidazione Coatta Amministrativa*) of the Issuer, any holder of a Note may, by written notice to the Issuer at the specified office of the Paying Agent, effective upon the date of receipt thereof by the Paying Agent, declare any such Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9. ADMISSION TO TRADING

The Issuer will submit to Borsa Italiana S.p.A. (**Borsa Italiana**) an application for admission to trading of the Notes on the Access Milan Professional Segment (**Access Milan Professional**) of the Euronext Access Market. Borsa Italiana's decision on the admission to trading of the Notes, on the basis of the Information Memorandum dated 15 March 2024, and the date of commencement of trading on the Access Milan Professional, together with the information relating to trading, will be communicated by Borsa Italiana through a specific notice pursuant to Article 224.3 of the Access Milan Market rules adopted by Borsa Italiana on 11 September 2023, as amended from time to time (the **Euronext Access Market Rules**).

For the purposes of these Conditions, **Euronext Access Market** means the multilateral trading facility (MTF) managed by Borsa Italiana, reserved for subordinated bond instruments.

10. NOTICES

10.1 Notices to the Noteholders

All notices regarding the Notes will be deemed to be validly given if published through the systems of Monte Titoli and, if and for so long as the Notes are admitted to trading on the Access Milan Professional Segment of the Euronext Access Market, through the systems identified by Borsa Italiana in accordance with the timings and the requirements of the Euronext Access Market Rules, Regulation (EU) No. 596/2014 (as amended from time to time) and any other applicable laws. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication.

10.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same with the Paying Agent.

11. MEETINGS OF NOTEHOLDERS, MODIFICATION AND VARIATION

11.1 Meetings of Noteholders

The provisions for the meetings of Noteholders (including by way of conference call or by use of videoconference platform) attached as Annex 1 (*Provisions for the Meetings of Noteholders*) to these Conditions (the **Provisions for Meetings of Noteholders**) contains provisions for convening meetings of the Noteholders to consider any matter affecting their common interests, including, *inter alia*, the sanctioning by Extraordinary Resolution of a modification of the Notes or these Conditions.

Subject to the above, such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or these Conditions (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, or altering the currency of payment of the Notes or amending in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

Extraordinary Resolution has the meaning given to it in the Provisions for Meetings of Noteholders.

11.2 Modification

The Paying Agent and the Issuer may agree, without the consent of the Noteholders 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 that is in the sole opinion of the Issuer not materially prejudicial to the interests of the Noteholders; or

(ii) any modification which is of a formal, minor or technical nature or to correct a manifest error including without limitation where required in order to comply with mandatory provisions of law.

For the avoidance of doubt, any variation of the Conditions (and any agency agreement entered into by the Issuer to appoint a different Paying Agent in accordance with Condition 4.5 (*Initial Paying Agents*), as applicable) to give effect to any Benchmark Amendments in the circumstances and as otherwise set out in Condition 3.5 (*Reference Rate Replacement*) shall not require the consent of the Noteholders, subject (to the extent required) to the Issuer giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority. Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 10 (*Notices*) as soon as practicable thereafter.

11.3 Variation

In addition, if (i) at any time a Regulatory Event, an Alignment Event or a Tax Event occurs and/or (ii) in order to ensure the effectiveness and enforceability of Condition 14 (*Contractual Recognition of Statutory Bail-In Powers*), then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 (thirty) nor more than 60 (sixty) calendar days' notice to the Paying Agent and the Noteholders, at any time vary the terms of the Notes so that the Notes remain or, as appropriate, become Qualifying Subordinated Notes, provided that Qualifying Subordinated Notes shall not, immediately following such variation, be subject to a Regulatory Event and/or a Tax Event, as applicable.

In these Conditions:

Alignment Event will be deemed to have occurred if, as a result of a change in or amendment to the Relevant Regulations or interpretation thereof, at any time after the Issue Date, the Issuer would be able to issue a capital instrument qualifying as Tier 2 Capital, which, in each case, contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those contained in these Conditions;

Qualifying Subordinated Notes means securities issued by the Issuer that:

(a) other than in respect of the effectiveness and enforceability of Condition 14 (*Contractual Recognition of Statutory Bail-In Powers*), have terms not materially less favourable to a Noteholder (as reasonably determined by the Issuer) than the terms of the Notes, and they shall 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 Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes; (D) have the same redemption rights as the Notes; and (E) in the event the Notes carry a rating immediately prior to such variation, are assigned (or maintain) the same credit ratings as were assigned to the Notes immediately prior to such variation (save that, for the avoidance of doubt, where any credit rating was, as a result of Condition 14 (*Contractual Recognition of Statutory Bail-In Powers*) becoming ineffective and/or unenforceable, amended prior to such variation, reference in this sub-clause (E) shall be to such credit rating prior to such amendment); and

(b) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation.

The Conditions may not be amended without the prior approval of the Competent Authority, if so required by the Relevant Regulations.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

13.1 Governing Law

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

13.2 Jurisdiction

The courts of Milan are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes (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 may be brought in such courts.

14. CONTRACTUAL RECOGNITION OF STATUTORY BAIL-IN POWERS

By the acquisition of the Notes, each holder of the Notes acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Competent 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 of the Issuer 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 Competent Authority of such Bail-in Power. Each holder of the Notes further agrees that the rights of the holders of the Notes are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Competent Authority.

For these purposes, a **Bail-in 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 Sella Banking Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or Sella Banking Group Entities, including (but not limited to) any such laws, regulations, rules or requirements (including the BRRD and/or the SRM Regulation) 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, an investment firm and/or any Sella Banking Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person.

Upon the Issuer being informed or notified by the Competent Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the holders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition.

The exercise of the Bail-in Power by the Competent 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 Competent Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions or investment firms and/or Sella Banking 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 Bail-in Power to the Notes.

Sella Banking Group Entities means any legal person that is part of the Sella Banking Group.

ANNEX 1 TO THE TERMS AND CONDITIONS OF THE NOTES

1. DEFINITIONS

In the Conditions, the following expressions have the following meanings:

Blocked Notes means the Notes which have been blocked in an account with the relevant Monte Titoli Account Holder not later than 48 hours before the time fixed for the Meeting for the purpose of obtaining from the relevant Monte Titoli Account Holder a Voting Certificate on the terms that any such Notes will not be released until the earlier of:

(i) the conclusion of the Meeting; and

(ii) the surrender to the relevant Monte Titoli Account Holder of the relevant Voting Certificate;

Chairman means, in relation to any Meeting, the individual who takes the chair in accordance with paragraph 6 (*Chairman*);

Extraordinary Resolution means a resolution passed at a Meeting duly convened and held in accordance with this Provisions for the Meetings of Noteholders by the majority specified under paragraph 7 (*Quorum*);

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

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

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

(a) any person whose appointment has been revoked and in relation to whom the relevant Monte Titoli Account Holder, the Paying Agent or the Chairman has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such Meeting; and

(b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

Relevant Fraction means:

(a) for all business other than voting on an Extraordinary Resolution, one tenth or at any adjourned meeting two or more persons being or representing the majority of the

Noteholders attending at the relevant meeting whatever the nominal amount of the Notes so held or represented;

(b) for voting on any Extraordinary Resolution other than one relating to a Reserved Matter, is two or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented; and

(c) for voting on any Extraordinary Resolution relating to a Reserved Matter, two or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting such meeting two Voters representing or holding not less than one-third in nominal amount of the Notes for the time being outstanding.

Reserved Matter means any proposal:

(a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;

(b) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(c) to change the currency in which amounts due in respect of the Notes are payable;

(d) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or

(e) to amend this definition;

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

Voting Certificate means, in relation to any Meeting, a certificate requested by any Noteholder and issued by the relevant Monte Titoli Account Holder in accordance with the CONSOB and Bank of Italy Joint Regulation in which it is stated:

(a) that the Blocked Notes will not be released until the earlier of:

(i) the conclusion of the Meeting specified in such certificate or any adjournment thereof; and

(ii) the surrender of such certificate to relevant Monte Titoli Account Holder and the notification of release thereof to the Issuer; and

(b) the number of the Blocked Notes; and

(c) that the bearer of such certificate is entitled to attend and vote, also by way of Proxy, at the Meeting in respect of the Blocked Notes;

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

Written Resolution means a resolution in writing signed by or on behalf of holders of not less than 75 per cent. in nominal amount of the Notes outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of this Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes;

24 hours means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the relevant Meeting is to be held and in each of the places where the Paying Agent have their specified offices (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

48 hours means 2 consecutive periods of 24 hours.

2. DEPOSIT OF VOTING CERTIFICATES

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

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

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

3. VALIDITY OF VOTING CERTIFICATES AND PROXIES

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

4. CONVENING OF MEETING

The Issuer may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than 10 (ten) per cent. in nominal amount of the Notes for the time being remaining outstanding.

5. NOTICE

At least 21 calendar days notice (exclusive of the day on which the notice is given and of the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting

shall be given to the Noteholders and the Paying Agent (with a copy to the Issuer). The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes may be deposited with the relevant Monte Titoli Account Holder for the purposes of obtaining the Voting Certificates from such relevant Monte Titoli Account Holder or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

6. CHAIRMAN

An individual (who may, but need not, be a Noteholder) nominated in writing by the Issuer may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was the Chairman of the original Meeting.

7. QUORUM

The quorum at any Meeting shall be at least two Voters representing or holding not less than the Relevant Fraction of the outstanding aggregate principal amount of the Notes.

8. ADJOURNMENT FOR WANT OF QUORUM

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

(a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and

(b) in the case of any other Meeting, it shall be adjourned for such period (which shall be not less than 14 calendar days and not more than 42 calendar days) and to such place as the Chairman determines; *provided, however, that*:

(i) the Meeting shall be dissolved if the Issuer so decides; and

(ii) no Meeting may be adjourned more than once for want of a quorum.

9. ADJOURNED MEETING

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

10. NOTICE FOLLOWING ADJOURNMENT

Paragraph 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum save that:

(a) 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and

(b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

11. PARTICIPATION

The following may attend and speak at a Meeting:

(a) Voters;

(b) representatives of the Issuer and of any legal person that is part of the Sella Prudential Group;

(c) the financial advisers of the Issuer;

(d) the legal counsel to the Issuer;

(e) the Paying Agent; and

(f) any other person approved by the Meeting.

12. SHOW OF HANDS

Every question submitted to a Meeting shall be considered as a resolution and decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

13. POLL

A demand for a poll shall be valid if it is made by the Chairman, the Issuer or one or more Voters representing or holding not less than one fiftieth of the aggregate principal amount of the outstanding Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business as the Chairman directs.

14. VOTES

Every Voter shall have:

(a) on a show of hands, one vote; and

(b) on a poll, the number of votes obtained by dividing that fraction of the aggregate principal amount of the outstanding Note(s) represented or held by it by the lowest denomination of the Notes.

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

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

15. VOTING BY PROXY OR VOTING CERTIFICATE

Revocation of the appointment under a Proxy or a Voting Certificate shall be valid only if the Monte Titoli Account Holder or the Paying Agent or the Chairman is notified in writing of such revocation not later than 24 hours prior to the time set for the Meeting. Unless revoked, the appointment to vote contained in a Proxy or a Voting Certificate for a Meeting shall remain valid also in relation to a Meeting resumed following an adjournment, unless such Meeting was adjourned pursuant to Article 9 above. If a Meeting is adjourned pursuant to paragraph 8 (*Adjournment for Want of Quorum*) above, each person appointed to vote in such Meeting shall have to be appointed again by virtue of another Proxy or Voting Certificate.

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

16. POWERS

A Meeting shall have power (exercisable by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other person:

(a) to approve any Reserved Matter;

(b) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;

(c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;

(d) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute an event of default under the Notes;

(e) to authorise the Paying Agent or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;

(f) to give any other authorisation or approval which is required to be given by Extraordinary Resolution; and

(g) to appoint any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

17. EXTRAORDINARY RESOLUTION BINDS ALL HOLDERS

An Extraordinary Resolution shall be binding upon all Noteholders whether or not present at such Meeting and each of the Noteholders shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing thereof. Notice of the result of every vote on an Extraordinary Resolution shall be given to the Noteholders and the Paying Agent within 14 calendar days of the conclusion of the Meeting.

18. MINUTES

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be conclusive evidence of the proceedings recorded therein and until the contrary is proved. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

19. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

DESCRIPTION OF THE ISSUER

Incorporation

The Issuer is a credit institution incorporated under the laws of Italy as a joint stock company (*società per azioni*) on 4 October 1991, with a duration running until 31 December 2075, which may be extended with shareholder approval accordingly to the Issuer's by-laws.

Banca Sella Holding is a member of the Italian Inter-Bank Fund for the Protection of Deposits (*Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia*), registered in the Register of Banks under ABI code no. 5625, and parent company of the "Sella" banking group, registered in the Register of Banking Groups under no. 3311. Pursuant to Article 4 of its by-laws, Banca Sella Holding's corporate objects are mainly: (i) to carry out credit granting and savings collection activities and (ii) to exercise all the activities relevant to the management and coordination of the Group.

The Issuer has its registered office at Piazza Gaudenzio Sella 1, 13900 Biella, Italy.

The Issuer is registered in the company register of Monte Rosa Laghi Alto Piemonte under number 01709430027.

The legal name of the Issuer is "Banca Sella Holding S.p.A.".

Credit ratings assigned to the Issuer and to Banca Sella S.p.A.

As at the date of this Information Memorandum:

(a) the Issuer has been rated "Baa3" (Bank Deposit Rating) by Moody's and "BBB" (Bank Deposit Rating), "BBBL" (Senior Non-Preferred Debt) and "BB" (Subordinated Debt) by DBRS; and

(b) Banca Sella S.p.A. has been rated "ba2" (Baseline Credit Assessment - "BCA") and "Baa3" (Bank Deposit Rating) by Moody's and "BBBL" (Intrinsic Assessment); "BBB" (Bank Deposit Rating); "BBBL" (Senior Non-Preferred Debt) and "BB" (Subordinated Debt) by DBRS.

Each of Moody's France SAS (**Moody's**) and DBRS Ratings GmbH (**DBRS**) is established in the European Union and registered under Regulation (EU) No. 1060/2009, as amended. Each of Moody's France SAS and DBRS Ratings GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Historical Background

The history of the Issuer dates back to the end of the 19th century, when some members of the Sella family, who had been running a textile business for over three centuries, decided to establish a banking institution which was founded on 23 August 1886 as a limited partnership under the name "*Banca Gaudenzio Sella & C.*" (the original name of the Issuer). The first branch was opened soon afterwards.

In 1933, when Gaudenzio Sella died, his son, Ernesto Sella, became Managing Partner of the banking institution, which was converted in 1949 into a company limited by shares (*società per azioni*), with Ernesto Sella and his brother Giorgio Sella respectively Chairman and Managing Director. In 1965 its

name was changed to **Banca Sella S.p.A.**

In 1974 Giorgio became chairman, while the son of Ernesto Sella, Maurizio Sella, became Managing Director. The company started expanding from its base in Piedmont in north-west Italy to other Italian regions, either by the opening of new branches or by acquisition of existing banks. The Issuer also expanded its presence abroad.

The process of fast and steady growth led to the creation of "Gruppo Banca Sella" which, on 11 August 1992, was enrolled on the register of banking groups kept by the Bank of Italy.

On 1 January 2006, the network of branches of the Issuer (then known as "Banca Sella S.p.A.") was transferred to Sella Distribuzione S.p.A. Subsequently, Sella Distribuzione S.p.A. changed its name to "Banca Sella S.p.A." (**Banca Sella**), while the Issuer changed its name to "Sella Holding Banca S.p.A." first and in 2008 to "Banca Sella Holding S.p.A.".

Group Structure and business overview

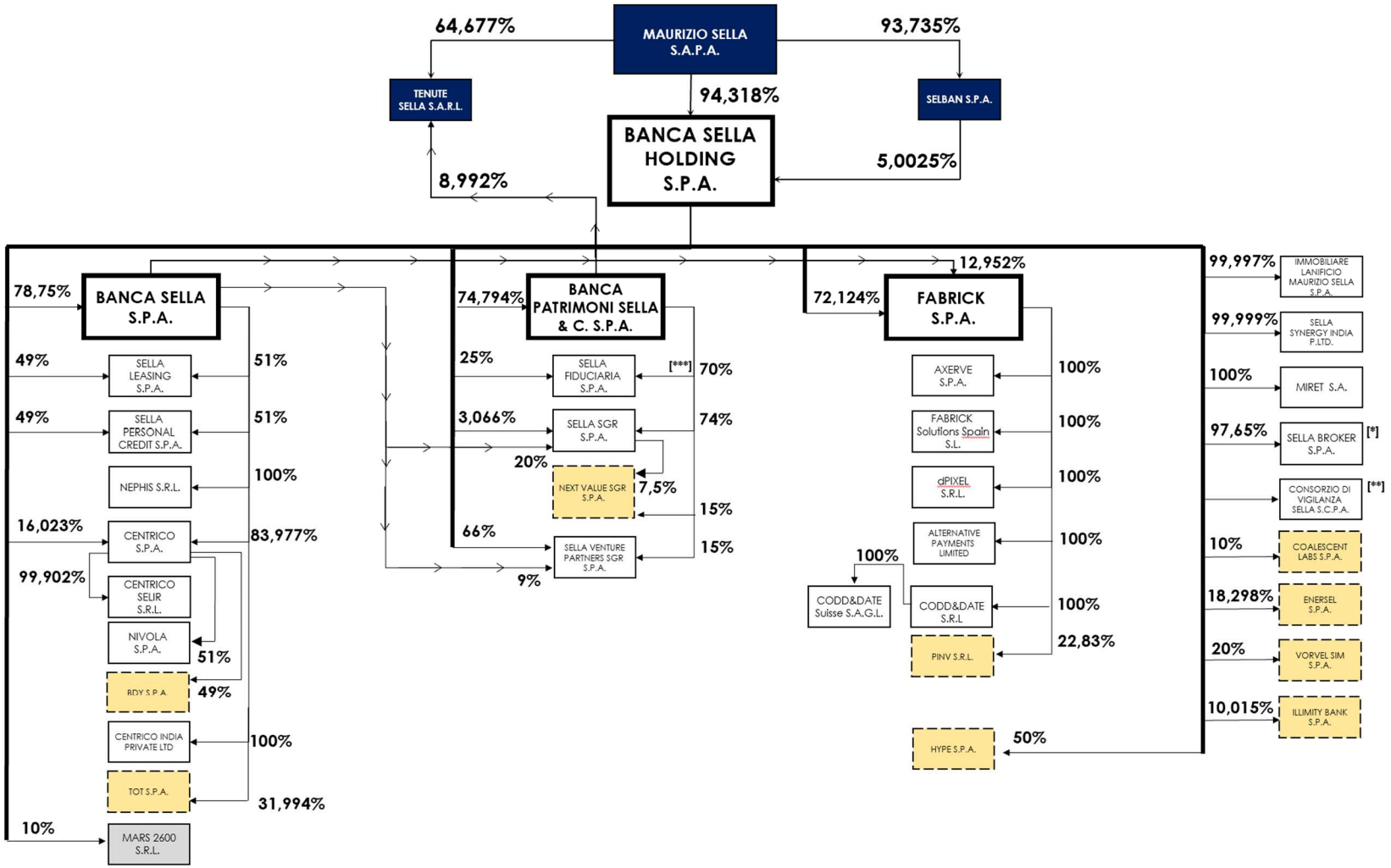
The Group, which comprises the Issuer and Banca Sella, is coordinated and supervised by the Issuer. Performing various financial activities and providing a wide range of products and services with 6,389 employees and consultants working on a permanent basis as at 31 December 2023, the Group currently includes 24 companies, plus one company in the insurance business and one special purpose vehicle for securitisation transactions included in the scope of consolidation of the Group for accounting purposes, but not in the banking group.

Banca Sella S.p.A. carries on the principal banking activity of the Group and is the most significant company in the Group in terms of assets and revenues. As the Group's commercial bank, Banca Sella S.p.A. offers a wide range of financial services, including commercial banking, consumer credit, asset management, insurance, private banking, securities brokerage and e-banking.

The Issuer's share capital is wholly owned by the Sella family through a structure of holding companies (limited partnerships) which, together with specific clauses in the Issuer's articles of association (mainly relating to pre-emption rights) protect the Issuer from hostile takeovers.

The intention of the Sella family to retain control of the Issuer is also underlined by the number of Sella family members holding various positions within the Group: Maurizio Sella, for example, is Chairman of Banca Sella and of the Issuer, while his son, Pietro Sella, is a Director of Banca Sella and Managing Director and General Manager of the Issuer. To improve corporate governance, several measures have been implemented, including the appointment of independent directors to the Issuer's and to Banca Sella's board of directors and the creation, within the Issuer, of the Risks Committee and the Remuneration Committee, which are entirely composed of independent directors.

The following chart shows the structure of the Group as at the date of this Information Memorandum:


MAURIZIO SELLA S.A.P.A.
64,677%
93,735%
TENUTE SELLA S.A.R.L.
94,318%
SELBAN S.P.A.
BANCA SELLA HOLDING S.P.A.
8,992%
5,0025%
78,75%
BANCA SELLA S.P.A.
74,794%
BANCA PATRIMONI SELLA & C. S.P.A.
72,124%
12,952%
FABRICK S.P.A.
49%
SELLA LEASING S.P.A.
51%
49%
SELLA PERSONAL CREDIT S.P.A.
51%
NEPHIS S.R.L.
100%
16,023%
CENTRICO S.P.A.
83,977%
99,902%
CENTRICO SELIR S.R.L.
NIVOLA S.P.A.
51%
BDY S.P.A.
49%
CENTRICO INDIA PRIVATE LTD
100%
TOT S.P.A.
31,994%
10%
MARS 2600 S.R.L.
25%
SELLA FIDUCIARIA S.P.A.
[***]
70%
3,066%
SELLA SGR S.P.A.
74%
20%
NEXT VALUE SGR S.P.A.
7,5%
15%
66%
SELLA VENTURE PARTNERS SGR S.P.A.
15%
9%
AXERVE S.P.A.
100%
FABRICK Solutions Spain S.L.
100%
dPIXEL S.R.L.
100%
ALTERNATIVE PAYMENTS LIMITED
100%
100%
CODD&DATE Suisse S.A.G.L.
CODD&DATE S.R.L
100%
PINV S.R.L.
22,83%
HYPE S.P.A.
50%
99,997%
IMMOBILIARE LANIFICIO MAURIZIO SELLA S.P.A.
99,999%
SELLA SYNERGY INDIA P.LTD.
100%
MIRET S.A.
97,65%
SELLA BROKER S.P.A.
[*]
CONSORZIO DI VIGILANZA SELLA S.C.P.A.
[**]
10%
COALESCENT LABS S.P.A.
18,298%
ENERSEL S.P.A.
20%
VORVEL SIM S.P.A.
10,015%
ILLIMITY BANK S.P.A.

For regulatory capital purposes, the scope of consolidation of the Group also includes Maurizio Sella S.A.p.A. and Selban S.p.A.

As of the date of this Information Memorandum, the authorised share capital of the Issuer is € 107,311,312.00 and the issued share capital is €107,311,312.00 , divided into 214,622,624 ordinary shares with a nominal value of €0.50 each. As at the same date, the share capital is fully paid-up.

To the best of the Issuer's knowledge, as at the date of this Information Memorandum, there are no agreements whose implementation may, at a later date, result in a change in the Issuer's control structure.

The Group counts 311 branches in Italy (1 the Issuer, 284 Banca Sella S.p.A. and 26 Banca Patrimoni Sella & C. S.p.A.).

Members of the administrative, management and supervisory bodies

The list of members of the administrative, management and supervisory bodies of the Issuer as at the date of this Information Memorandum and the offices held in other companies are set out below.

Board of Directors

Name and Surname	Office held in the Issuer	Principal offices held in other companies
Maurizio Sella	**Chairperson**	Chairperson Banca Sella S.p.A. Chairperson Banca Patrimoni Sella & C. S.p.A. Chairperson Selban S.p.A. Acting Partner Maurizio Sella S.A.p.A. Director Finind S.p.A. Director Turlo s.s.
Pietro Sella	**Chief Executive Officer and Managing Director**	Director Banca Sella S.p.A. Chairperson Fabrick S.p.A. Chairperson Maurizio Sella S.A.p.A. Director Turlo s.s.
Sebastiano Sella	**Deputy Chairperson**	Deputy Chairperson Sella Leasing S.p.A. Deputy Chairperson Banca Sella S.p.A. Deputy Chairperson Maurizio Sella S.A.p.A. Director Banca Patrimoni Sella & C. S.p.A. Chairpartner Kitenergy S.r.l. Director Arabesque A.S.

Giacomo Sella	**Deputy Chairperson**	Chairperson Sella Venture Partners SGR S.p.A. Deputy Chairperson Finind S.p.A. Acting Partner Maurizio Sella S.A.p.A. Director Tollegno Holding S.p.A. Director Ontario Ltd
Massimo Condinanzi	**Director**	Deputy Chairperson Fabrick S.p.A. Director Lauretana S.p.A.
Ernesto Rizzetti	**Director**	Chairperson Axerve S.p.A. Director Immobiliare Lanificio Maurizio Sella S.p.A. Managing Director ENERSEL S.p.A. Acting Partner Maurizio Sella S.A.p.A. Managing Director L.A.P. S.r.l. Director Lanificio di Tollegno S.p.A. Managing Director Monforte S.r.l. Director Tollegno Holding S.p.A.
Caterina Sella	**Director**	Chairperson Sella Fiduciaria S.p.A. Director Lanificio di Tollegno S.p.A. Director Studio DPS Associati
Franco Cavalieri	**Director**	-
Giovanni Petrella	**Director**	Chairperson Sella SGR S.p.A. Chairperson Lendlease Italy SGR
Giovanna Nicodano	**Director**	Director SOSE S.p.A. Director Claviere Vetta S.s.
Laura Nieri	**Director**	-
Marta Cosulich	**Director**	Chairperson Express S.r.l. Chairperson Fratelli Cosulich Brazil Ltd Chairperson GEOS Gestione Entrate ed Organizzazione Servizi S.r.l. Chairperson Link Industrie S.r.k. Chairperson Link Trading Bejing

		Chairperson Vulcania S.r.l. Managing Director Coluch International S.r.l. Managing Director Fratelli Cosulich S.p.A. Director Comunico S.r.l. Director Dragon Maritime Koper D.O.O. Director Express Koper D.O.O. Director Express U.S.A. Inc. Director Genesys Informatica S.r.l. Director MAC Welding S.r.l. Director Università degli Studi di Genova
Franco Bruni	**Director**	-

Statutory Auditors

Name and Surname	Office held in the Issuer	Principal offices held in other companies
Pierluigi Benigno	**Auditor**	Chairperson Auditors' Board Avvenire Nuova Editoriale Italiana S.p.A. Standing Auditor IN-DOMUS S.r.l.
Gianluca Cinti	**Auditor**	Chairperson Auditors' Board Fabrick S.p.A. Chairperson Auditors' Board BOSFIN S.p.A. Standing Auditor Sella Venture Partners SGR S.p.A. Standing Auditor Centrico S.p.A. Standing Auditor Nivola S.p.A. Standing Auditor BDY S.p.A. Standing Auditor HYPE S.p.A. Standing Auditor Ronchi Holding S.p.A. Standing Auditor Ronchi Mario S.p.A. Alternate Auditor CODD&DATE S.r.l. Director Amandla S.r.l.
Daniele Frè	**Auditor**	Chairperson Auditors' Board Centrico S.p.A. Chairperson Auditors' Board DPIXEL S.r.l. Chairperson Auditors' Board Nivola S.p.A. Chairperson Auditors' Board Sella Venture

		Partners SGR S.p.A. Chairperson Auditors' Board Coalescent Labs S.p.A. Chairperson Auditors' Board Maurizio Sella S.A.p.A. Chairperson Auditors' Board VORVEL SIM S.p.A. Chairperson Auditors' Board Artisan DNA S.p.A. Chairperson FIER 1 S.p.A. Director Immobiliare Ulisse S.r.l. Director Rigazio Trustee S.r.l. Standing Auditor Immobiliare Lanificio Maurizio Sella S.p.A. Standing Auditor Sella Broker S.p.A. Standing Auditor Selban S.p.A. Standing Auditor Brandon Group S.r.l. Standing Auditor Borno Energia Pulita S.p.A. Standing Auditor Cubbit S.r.l. Standing Auditor Olivari B. S.p.A. Standing Auditor Ramelli S.p.A. Standing Auditor Viceversa S.p.A. Alternate Auditor Banca Sella S.p.A. Alternate Auditor CODD&DATE S.r.l. Alternate Auditor Fabrick S.p.A. Alternate Auditor Sella Fiduciaria S.p.A. Alternate Auditor Sella SGR S.p.A. Alternate Auditor AIDEXA Holding S.p.A. Alternate Auditor Montefarmaco OTC S.p.A. Alternate Auditor Consorzio di Vigilanza Sella S.C.p.A.
Riccardo Foglia Taverna	**Alternate Auditor**	Chairperson Auditors' Board Pirelli S.p.A. Chairperson Auditors' Board B&C Speakers S.p.A. Chairperson Auditors' Board Gestimm S.p.A. Chairperson Auditors' Board Gamma BIDCO

		S.p.A. Chairperson Auditors' Board Gamma TOPCO S.p.A. Chairperson Auditors' Board SI Collection S.p.A. Standing Auditor Sella Fiduciaria S.p.A. Standing Auditor AREC Neprix S.r.l. Standing Auditor Cabeco S.r.l. Standing Auditor Double R S.r.l. Standing Auditor JAKIL S.p.A. Standing Auditor Lampugnani Farmaceutici S.p.A. Standing Auditor Mengoni e Nassini S.r.l. Standing Auditor Metalworks BIDCO S.p.A. Standing Auditor Metalworks S.p.A. Standing Auditor MTW Holding S.p.A. Standing Auditor Rubinetterie Ritmonio S.r.l. Standing Auditor Ruffini Partecipazioni Holding S.r.l. Alternate Auditor Illimity Bank Alternate Auditor Industries S.p.A. Alternate Auditor Officine Rigamonti S.p.A. Alternate Auditor Consorzio di Vigilanza Sella S.C.p.A. Alternate Auditor Guglielmi Rubinetterie S.p.A. Director Boutique Italia S.p.A. Director CEDIS S.r.l.
Pier Vincenzo Pellegrino	**Alternate Auditor**	Chairperson Auditors' Board Sella Fiduciaria S.p.A. Chairperson Auditors' Board Next Value SGR S.p.A. Chairperson Auditors' Board Sogas S.p.A. Chairperson Auditors' Board Casa Cura Privata Città di Bra S.p.A. Director Capial S.s. Director Costruzione Emiliana Ingranaggi

		S.p.A. Director Globus Servizi S.r.l.

All members of the Board of Directors and of the Board of Auditors meet the integrity and professional requirements provided for by the legislation and regulations currently in force. There are no conflicts of interest between any of the board of Director's and Statutory Auditors' duties to Banca Sella Holding and their private interests or other duties.

All members of the Board of Auditors are on the Register of Auditors.

Independent Auditors

The independent auditors of the Issuer as of the date hereof is KPMG S.p.A. (**KPMG**). KPMG is registered under No. 70623 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. The registered office and the business address of KPMG is at Via Vittor Pisani, 25 20124 Milan, Italy. KPMG is a member of Assirevi, the Italian association of auditing firms.

KPMG examine the Issuer's consolidated and non-consolidated annual financial statements and issue an opinion regarding whether its consolidated and non-consolidated annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38 of 2005 and art. 43 of Italian Legislative Decree no. 136 of 2015; which is to say whether they give a true and fair view of the financial position and results and cash flows of, respectively, the Group and the Issuer.

KPMG's independent auditors' report on the 2022 Annual Financial Statements is incorporated by reference in this Information Memorandum.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.

The statements herein regarding taxation are based on the laws in force as at the date of this Information Memorandum and are a general overview of certain tax consequences in Italy of acquiring, holding and disposing of Notes. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. The following summary is based upon tax laws and/or practice in force as at the date of this Information Memorandum, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. The Issuer will not update this overview to reflect changes in law and, if any such change occurs, the information in this overview could be superseded.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes.

Tax treatment of Notes issued by the Issuer

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (Decree No. 239) sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as **Interest**) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks.

The provisions of Decree No. 239 apply to those notes which qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (**Decree No. 917**). For these purposes, bonds and debentures similar to bonds (*titoli similari alle obbligazioni*) are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value (with or without internal payments) and that do not give any right to directly or indirectly participate in the management of the issuer or to the business in relation to which the securities are issued nor any type of control on the management and do not provide for a remuneration which is entirely linked to the profits of the issuer, or other companies belonging to the same group or to the business in respect of which the securities have been issued.

Pursuant to Article 2(22) of Law Decree 13 August 2011 No. 138, converted with amendments by Law 14 September 2011 No. 148, the tax regime set forth by Decree No. 239 also applies to Interest from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments.

Italian resident Noteholders

Pursuant to Decree No. 239, where the Italian resident holder of the Notes, who is the beneficial owner of such Notes, is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional

association; or

(c) a private or public institutions (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as "net recipients" unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "*regime del risparmio gestito*" (the **Asset Management Regime**) according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended and supplemented from time to time (**Decree No. 461)**.

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so-called **SIMs**), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy (**Intermediaries** and each an **Intermediary**) or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes *Euroclear* and *Clearstream*) having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying *imposta sostitutiva*, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer or disposal of the Notes, including in their capacity as transferees. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Payments of Interest in respect of Notes are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

(i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

(ii) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*);

(iii) Italian resident open-ended or closed-ended collective investment funds (together the **Funds** and each a **Fund**), SICAVs, SICAFs, Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 (**Decree No. 252**), Italian resident real estate investment funds and real estate SICAFs subject to the regime provided for by Law Decree No. 351 of 25 September 2001; and

(iv) Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 26 per cent*. imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes are not deposited with an Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* (if any) suffered from income taxes due.

Interest accrued on the Notes shall be included in the corporate taxable income (**IRES**) (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – **IRAP**) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have opted for the Asset Management Regime are subject to a 26 per cent. annual *imposta sostitutiva* (the **Asset Management Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a non-real estate SICAF and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, the SICAV or the non- real estate SICAF. The Fund, SICAV or non-real estate SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where a Noteholder is an Italian resident real estate investment fund or an Italian real estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the real estate SICAF. The income of the real estate fund or of the real estate SICAF may be subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided by Article 17 of Decree No. 252) and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of each tax period, to be subject to the to a 20 per cent. annual *imposta sostitutiva* (the **Pension Fund Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Noteholders

According to Decree No. 239, payments of Interest in respect of the Notes will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected **provided that**:

(a) such beneficial owners are resident for tax purposes in a State or territory which allows for an adequate exchange of information with the Italian tax authorities included in the Ministerial Decree of 4 September 1996, as amended and supplemented from time to time (the **White List**). According to Article 11, par. 4, let. c) of Decree No. 239, the White List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the Italian Ministerial Decree dated 4 September, 1996 as amended from time to time; and

(b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

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

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, non Italian resident investors indicated above must:

(a) be the beneficial owners of payments of Interest on the Notes (certain types of institutional investors are deemed to be beneficial owners by operation of law);

(b) deposit the Notes in due time together with the coupons relating to such Notes, directly or indirectly, with a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and

(c) file with the relevant depository a self-declaration (*autocertificazione*) in due time stating, *inter alia*, that the Noteholder is resident, for tax purposes, in one of the States included in the White List. Such self-declaratio (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented), shall be valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously

submitted to the same depository. The self-declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities or organisations established in accordance with international agreements ratified in Italy, and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

Failure of a non-Italian resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementing rules will result in the application of *imposta sostitutiva* on Interests payments to a non resident holder of the Notes.

Non-Italian resident holders of the Notes who are subject to *imposta sostitutiva* may, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

Fungible issues

Pursuant to article 11, paragraph 2 of Decree No. 239, where the relevant Issuer issues a new tranche forming part of a single series with a previous tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new tranche will be deemed to be the same as the issue price of the original tranche. This rule applies where (a) the new tranche is issued within 12 months from the issue date of the previous tranche and (b) the difference between the issue price of the new tranche and that of the original tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

Capital Gains Tax

Italian resident Noteholders

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;
- an Italian resident partnership not carrying out commercial activities;
- an Italian private or public institution not carrying out mainly or exclusively commercial activities;

on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*regime della dichiarazione*" (**Tax Declaration Regime**), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities, and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the Tax Declaration Regime, the holders of the Notes who are:

- Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- Italian resident partnerships not carrying out commercial activities;
- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the **Administrative Savings Regime**). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and

(ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to the determination of the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio at the year-end may be carried forward against appreciation accrued in each of the following tax years up to the fourth. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

In the case of Notes held by Funds, SICAVs and SICAFs, capital gains on the Notes contribute to determine the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident real estate investment fund or an Italian real estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the real estate SICAF. The income of the real estate investment fund or of the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder who is an Italian resident pension fund (subject to the regime provided for by Article 17 of Decree No. 252) will be included in the result of the relevant portfolio

accrued at the end of the tax period, and will be subject to the Pension Fund Tax. Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non- Italian resident Noteholders

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a self-declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

(a) pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a State or territory included in the White List and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon the condition that they file in time with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and

(b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon the condition that

they promptly file with the Italian authorised financial intermediary a declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income for IRES purposes (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Inheritance and gift taxes

Transfers of any valuable asset (including shares, Notes or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the entire value of the inheritance or gift exceeding Euro 1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding Euro 100,000; and

(c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding, for each beneficiary, Euro 1,500,000.

The *mortis causa* transfer of financial instruments (such as the Notes) included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements from time to time applicable as set forth by Italian law, is exempt from inheritance taxes.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the "case of use" (*caso* d'uso), in case of "explicit reference" (*enunciazione*) or voluntary registration (*registrazione volontaria*).

Tax Monitoring Obligations

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28 June 1990 converted into law by Law Decree No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, under certain conditions, the amount of investments (including the Notes) directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the actual owners of the instrument.

Furthermore, it is not necessary to comply with the above reporting requirement with respect to: (i) the Notes deposited for management with qualified Italian financial intermediaries; (ii) the contracts entered into through their intervention, upon the condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) the foreign investments which are only composed of deposits and/or bank accounts and whose aggregate value does not exceed a Euro 15,000 threshold throughout the year.

Stamp duty

Pursuant to Article 13, para. 2-*ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to its clients in respect of any financial product and instrument (including the Notes), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which is not mandatory nor the deposit, nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

Wealth tax on financial assets deposited abroad

According to Article 19 of Decree No. 201 of 6 December 2011, as amended and supplemented, Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions holding financial assets, including the Notes, outside of the Italian territory are required to declare in their own annual tax declaration and pay a wealth tax at the rate of 0.2 per cent (starting from January 1, 2024, the wealth tax applies at a rate of 0.4 per cent if the Notes are held in a country listed in the Italian Ministerial Decree dated 4 May 1999, pursuant to the provisions of Law No. 213/2023) and it cannot exceed Euro 14,000 for taxpayers which are not individuals. This tax is calculated on the market value at the end of the relevant year or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement.

U.S. Foreign Account Tax Compliance Act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S.

Federal Register and Notes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

1. GENERAL

No action has been taken by the Issuer or any manager transacting with the Issuer for the purposes of the issue of the Notes (the **Manager**) that would, or is intended to, permit a public offering of the Notes or possession or distribution of the Conditions or any other offering or publicity material relating to the Notes in any country or jurisdiction where action for that purpose is required. The Manager shall obtain any consent, approval or permission which it is required to obtain for the offer, purchase or sale of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations.

2. UNITED STATES

2.1 No registration under Securities Act

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

2.2 Compliance by Issuer with United States securities laws

Neither the issuer nor any of its affiliates (including any person acting on behalf of the Issuer or any of its affiliates excluding, for the avoidance of doubt, the Manager) has offered or sold, or will offer or sell, any Notes in any circumstances which would require the registration of any of the Notes under the Securities Act and, in particular, that:

(a) *No directed selling efforts*: neither the Issuer nor any its affiliates nor any person acting on its or their behalf (excluding for the avoidance of doubt, the Manager) has engaged or will engage in any directed selling efforts with respect to the Notes; and

(b) *Offering restrictions*: the Issuer and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

2.3 Manager's compliance with United States securities laws

The Manager:

(a) *Offers/sales only in accordance with Regulation S*: has represented, warranted and undertaked to the Issuer that it has offered and sold the Notes, and will offer and sell the Notes:

(i) *Original distribution*: as part of their distribution, at any time; and

(ii) *Outside original distribution*: otherwise, until 40 days after the later of the commencement of the offering and the Issue Date,

only in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that:

(A) *No directed selling efforts*: neither it nor any of its affiliates (including any person acting on behalf of the Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes; and

(B) *Offering restrictions*: it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act; and

(b) *Prescribed form of confirmation*: undertaked to the Issuer that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration which purchases Notes from it during the distribution compliance period a confirmation or notice in substantially the following form:

"The securities covered hereby have not been registered under the United States Securities Act of 1933 (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

2.4 Manager's compliance with United States Treasury regulations

The Manager has represented, warranted and undertaked to the Issuer that:

(a) *Restrictions on offers etc*: except to the extent permitted under United States Treasury Regulation §1.163 5(c)(2)(i)(D) (the **D Rules**):

(i) *No offers etc to United States or United States persons*: it has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person; and

(ii) *No delivery of definitive Notes in United States*: it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period;

(b) *Internal procedures*: it has, and throughout the restricted period will have, in effect procedures designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules; and

(c) *Additional provision if United States person*: if it is a United States person, it is acquiring the Notes for the purposes of resale in connection with their original issuance and, if it retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation §1.163 5(c)(2)(i)(D)(6),

and, with respect to each affiliate of the Manager that acquires Notes from the Manager for the purpose of offering or selling such Notes during the restricted period, the Manager undertakes to the Issuer that it either (i) repeats and confirms the representations and agreements contained in sub-clauses 2.4(a), 2.4 (b) and 2.4(c)(i) on each affiliates behalf, or (ii) it will obtain from such affiliate for the benefit of the Issuer the representations, warranties and undertakings contained in sub-clauses 2.4(a), 2.4(b) and 2.4(c).

2.5 Interpretation

Terms used in Clauses 2.2 and 2.3 above have the meanings given to them by Regulation S under the Securities Act. Terms used in Clause 2.4 above have the meanings given to them by the United States Internal Revenue Code and regulations thereunder, including the D Rules.

3. UNITED KINGDOM

Prohibition of sales to UK Retail Investors

The Manager has represented, warranted and undertaked to the Issuer that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as amended as it forms part of the laws of the United Kingdom (**EUWA**); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as amended as it forms part of UK domestic law by virtue of the EUWA; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

The Manager has represented, warranted and undertaked to the Issuer that:

(c) *Financial promotion:* it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

(d) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

4. REPUBLIC OF ITALY

(a) The Manager has represented and agreed that the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of any document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017, as amended (the **Prospectus Regulation**) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

(b) Any offer, sale or delivery of the Notes or distribution of copies of any document relating to the Notes in the Republic of Italy under (i) or (ii) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

5. BELGIUM

The Manager has represented, warranted and undertaked to the Issuer that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

6. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Manager has represented, warranted and undertaked to the Issuer that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EC (as amended or superseded, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

MANAGER TRANSACTING WITH THE ISSUER

The Manager and its affiliates (including their parent companies) has engaged, and may in future engage, in investment banking and/or commercial banking (including derivatives contracts, the provision of loan facilities and consultancy services) and other related transactions with, and may perform services for the Issuer and its affiliates (including other members of the Group) in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates or any entity related to the Notes. The Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk-management policies. Typically, the Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes. The Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term "affiliates" includes also parent companies.

The Manager under the Notes may receive a commission.