

## LISTING PARTICULARS



### CREDITO EMILIANO HOLDING S.p.A.

(incorporated with limited liability as a *Società per Azioni* in the Republic of Italy under registered number 00168990356)

#### Issue of €200,000,000 Subordinated Callable Fixed Rate Reset Social Notes due 5 October 2032

#### Issue Price: 100 per cent.

The €200,000,000 Subordinated Callable Fixed Rate Reset Social Notes due 5 October 2032 (the **Notes**) will be issued by Credito Emiliano Holding S.p.A. (the **Issuer**). The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, as described in Condition 2 (*Status*) in “*Terms and Conditions of the Notes*” and will be governed by, and construed in accordance with Italian law, as described in Condition 13 (*Governing Law and Submission to Jurisdiction*) in “*Terms and Conditions of the Notes*”.

The Issuer holds 77.5 per cent. of the share capital of Credito Emiliano S.p.A. (**Credem**), incorporated with limited liability as a *Società per Azioni* in the Republic of Italy under registered number 01806740153, which is the parent company of the Credem banking group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the **Italian Banking Act**), under number 3032 (the **Group** or the **Credem Group**). The Issuer is not part of the Credem Group.

The Notes will bear interest at the applicable Rate of Interest (as defined in Condition 3 (*Interest*)) from, and including, 5 July 2022 (the **Issue Date**), payable annually in arrear on 5 October in each year. The Rate of Interest for each Interest Period (i) from (and including) the Issue Date to (but excluding) 5 October 2027 (the **Reset Date**) will be 7.625 per cent. per annum and (ii) from (and including) the Reset Date to (but excluding) 5 October 2032 (the **Maturity Date**) will be the Reset Rate of Interest, each as defined in Condition 3 (*Interest*). The first payment of interest shall be made on 5 October 2022 in respect of the shorter period from (and including) the Issue Date to (but excluding) 5 October 2022.

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 5 October 2032. 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 5.8 (*Conditions to Early Redemption and Purchase of Notes*) in “*Terms and Conditions of the Notes*”), redeem the Notes in whole, but not in part, on any day falling in the period commencing on (and including) 5 July 2027 and ending on (and including) 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 5.8 (*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 Credem 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*).

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the approval of this document as Listing Particulars. Application has also been made to Euronext Dublin for the Notes to be admitted to the official list (the **Official List**) and to trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**). References in these Listing Particulars to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the Global Exchange Market. These Listing Particulars do not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and, in accordance with such Prospectus Regulation, no prospectus is required in connection with the issuance of the Notes.

Payments of interest and other amounts relating to the Notes may be subject to a substitute tax (referred to as *imposta sostitutiva*) of 26 per cent. in certain circumstances, according to the provisions of Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time. In order to obtain exemption at source from *imposta sostitutiva* in respect of payments of interest or other amounts relating to the Notes, each Noteholder not resident for tax purposes in the Republic of Italy is required to comply with the deposit requirements described in “*Taxation* –

*Taxation in the Republic of Italy*" and to certify, prior to or concurrently with the delivery of the Notes, that such Noteholder is, *inter alia*, (i) resident in a country which recognises the Italian tax authorities' right to an exchange of information pursuant to terms and conditions set forth in the relevant treaty (such countries are listed in the Ministerial Decree of 4 September 1996, as most recently amended by Ministerial Decree of 23 March 2017 and possibly further amended according to Article 11(4)(c) of Decree No. 239 of 1 April 1996 (as amended by Legislative Decree No. 147 of 14 September 2015)) and (ii) the beneficial owner of payments of interest, premium or other amounts relating to the Notes, all as more fully set out in "*Taxation – Taxation in the Republic of Italy*" below.

Amounts payable under the Notes are calculated by reference to EURIBOR which is provided by the European Money Markets Institute. As at the date of these Listing Particulars, the European Money Markets Institute is included in the register of administrators maintained by the European Securities and Markets Authority (ESMA) under Article 36 of Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

The Notes are expected to be rated Ba1 by Moody's France SAS (**Moody's**). Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such Moody's 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/page/List-registered-and-certified-CRAs>) in accordance with the 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.** Please also refer to "*Risk Factors – Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained*" section of these Listing Particulars.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about the Issue Date with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the **Temporary Global Note**, the **Global Notes**), without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see "*Overview of Provisions relating to the Notes while in Global Form*".

**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 domestic law by virtue of the European Union (Withdrawal) Act 2018) in the United Kingdom. Potential investors should read the whole of this document, in particular the sections "*Risk Factors*" and "*Restrictions on Marketing, Sales and Resales to Retail Investors*" below.**

*Joint Lead Managers*

**Barclays**

**Goldman Sachs International**

*Co-Managers*

**Banca Euromobiliare**

**Credem**

The date of these Listing Particulars is 1 July 2022

## IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in these Listing Particulars. 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 these Listing Particulars is in accordance with the facts and these Listing Particulars do not omit anything likely to affect the import of such information.

These Listing Particulars are to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). These Listing Particulars shall be read and construed on the basis that such documents are incorporated and form part of these Listing Particulars.

Barclays Bank Ireland PLC and Goldman Sachs International (the **Joint Lead Managers**) and Banca Euromobiliare S.p.A. and Credito Emiliano S.p.A. (the **Co-Managers** and, together with the Joint Lead Managers, the **Managers**) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made by any of the Managers named under “*Subscription and Sale*” below or any of their respective affiliates and no responsibility or liability is accepted by any of the Managers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in these Listing Particulars or of any other information provided by the Issuer in connection with the Notes. No Manager or any of their respective affiliates accepts any liability in relation to the information contained or incorporated by reference in these Listing Particulars or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under these Listing Particulars.

These Listing Particulars contain or incorporate 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 or the Managers to give any information or to make any representation not contained in or not consistent with these Listing Particulars 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 or the Managers.

The Managers do not accept any responsibility for any third party social, environmental and sustainability assessment of any Notes or makes any representation or warranty or assurance whether the Notes will meet any investor expectations or requirements regarding such "social" or similar labels. The Managers are not responsible for the monitoring of the use of proceeds for any Notes. No representation or assurance is given by the Managers as to the suitability or reliability of the Issuer's Framework (as defined under section “*Use of Proceeds*”) or any opinion or certification of any third party made available in connection with an issue of Notes and any such opinion or certification is not a recommendation by any Manager to buy, sell or hold any such Notes. In the event any such Notes are listed or admitted to trading on a dedicated “social” or other equivalently labelled segment of a stock exchange or securities market, no representation or assurance is given by the Managers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

Neither these Listing Particulars 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 any of the Managers that any recipient of these Listing Particulars or of any other information supplied by the Issuer or such other information as is in the public domain in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent

investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither these Listing Particulars 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 any of the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any 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. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in any Notes of any information coming to their attention. Investors should review, *inter alia*, the documents incorporated by reference into these Listing Particulars when deciding whether or not to purchase any Notes. Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Note 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 these Listing Particulars.

These Listing Particulars do not constitute an offer to sell or the solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of these Listing Particulars and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Managers do not represent that these Listing Particulars may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or distribution of these Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither these Listing Particulars 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 these Listing Particulars or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of these Listing Particulars and the offering and sale of Notes. In particular, there are restrictions on the distribution of these Listing Particulars and the offer or sale of Notes in the United States, the United Kingdom, the EEA and the Republic of Italy.

**IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (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.

**IMPORTANT – 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 (**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 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 domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (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.

**UK MiFIR 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) 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 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 exemption 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.**

For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of these Listing Particulars and other offering material relating to the Notes, see “*Subscription and Sale*”.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer, the Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

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:

- 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 these Listing Particulars;

- 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;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

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

Each prospective investor should consult its own advisers as to legal, tax and related aspects in connection with any investment in the Notes. An investor's effective yield on the Notes may be diminished by certain charges such as taxes, duties, custodian fees on that investor on its investment in the Notes or the way in which such investment is held.

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

These Listing Particulars, including the documents incorporated by reference herein, contain forward-looking statements. Such items in these Listing Particulars include, but are not limited to, statements made under "*Risk Factors*". Such statements can be generally identified by the use of terms such as "anticipates", "estimates", "believes", "intends", "aims", "seeks", "could", "expects", "may", "plans", "should", "will" and "would", or by comparable terms and the negatives of such terms. By their nature, forward-looking statements and projections involve risk and uncertainty, and the factors described in the context of such forward-looking statements and targets in these Listing Particulars could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. The Issuer has based forward-looking statements on its expectations and projections about future events as of the date such statements were made. These forward-looking statements are subject to risks, uncertainties and assumptions about the Issuer and the Credem Group, including, among other things, the risks set out under "*Risk Factors*".

All references in these Listing Particulars to **Euro**, **EUR**, **€** or **euro** are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union of those members of the European Union which are participating in the European economic and monetary union.

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

## **STABILISATION**

**IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK IRELAND PLC ACTING AS STABILISING MANAGER (THE *STABILISING MANAGER*) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. The Issuer has identified in this "Risk Factors" section a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes. Prospective investors should read these risk factors together with the other detailed information set out elsewhere in these Listing Particulars and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE LISTING PARTICULARS**

#### **Risks regarding the Issuer**

##### ***The Issuer is a non-operating holding company***

The Issuer is the financial non-operating holding company of Credito Emiliano S.p.A. (**Credem**), which is the parent company of the Credem banking group (the **Credem Group**). According to Directive 2002/87/EC, the Issuer is both a mixed financial holding company and the parent undertaking of a financial conglomerate comprising entities operating in both the banking and insurance sectors. The Issuer is not part of the Credem banking group. The main sources of operating funds for the Issuer are the dividends and distributions it receives from Credem and the amounts raised through the issuance of debt instruments.

In accordance with its bylaws, the Issuer cannot exercise direction and coordination functions over the Credem Group. The Issuer's direct subsidiary, Credem, is a separate and distinct legal entity, and has no obligation to pay any amounts due to holders of Notes or to provide the Issuer with funds to meet any of its payment obligations. The extent to which the Issuer is able to receive or raise such funds will, in turn, affect its ability to make payments on the Notes and any other debt instruments of the Issuer, which, in addition, may rank senior.

The ability of the subsidiaries comprising the Credem Group to make dividends and other payments to the Issuer may depend on their profitability. As a consequence, the Issuer's financial condition and results of operations may be affected by the specific risks of the Credem Group and the business sectors in which it operates and any adverse effect to the Credem Group's business, financial condition and results of operations may result in a reduction of dividends or other payments by Credem to the Issuer, adversely affecting the Issuer's financial condition and results of operations. Please refer to sections "Risks regarding the Credem Group" and "Risk factors regarding the Credem Group's business sector" below.

The Issuer owns 77.5% of the share capital of Credem as of December 2021. There can be no assurance that the amount of share capital held by the Issuer in Credem will not be reduced in the future, which may result in a reduction of dividends or other payments by Credem to the Issuer, adversely affecting the Issuer's financial condition and results of operations.

##### ***The holders of Notes will be structurally subordinated to other creditors who hold debt instruments at the level of one or more of the operating subsidiaries of the Issuer***

The holders of Notes will be structurally subordinated to other creditors who hold debt instruments at the level of one or more of the operating entities comprising the Credem Group, including instruments issued by Credem. The Issuer's rights to participate in the assets of Credem if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders (if any), except in the

circumstance where the Issuer is also a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. Accordingly, if Credem were to be wound up, liquidated or dissolved: (i) the holders of Notes issued by the Issuer would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the liquidation of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of that subsidiary.

Credem and its subsidiaries generally hold more operational assets than the Issuer. If the assets of Credem and its subsidiaries were to be realised, it is possible that, after such realisation, insufficient assets would remain available for distribution to the Issuer in order to enable it to fulfil any payment obligations under the Notes.

#### ***The ability of the subsidiaries to make dividends and other payments to the Issuer may be limited***

The ability of Credem to make dividends and other payments to the Issuer may be subject to certain legal or contractual restrictions. In particular, many of the Issuer's direct or indirect subsidiaries, being part of a banking group, the Credem Group, and a financial conglomerate, are subject to regulatory supervision and to banking and insurance laws and regulations that restrict dividend payments, that impose minimum regulatory capital and other requirements or authorise regulatory bodies to block or reduce the flow of funds from those subsidiaries to the Issuer. Please refer to section "*Risks associated with the legislative, accounting and regulatory context*" below.

#### ***Risks related to the ratings assigned to the Issuer***

The ratings assigned to the Issuer by the main international rating agencies are an indication of the credit ratings of the Issuer itself and the outlook represents the parameter which indicates the expected trend in the near future, of the ratings assigned to the Issuer. However, such indications may not properly reflect developments in the solvency position of the Issuer and the Credem Group. In addition, ratings assigned to the Issuer may be influenced by developments in the rating assigned to Italy's sovereign debt and the Italian macroeconomic conditions. Any deterioration in the Italian sovereign debt rating or in the Italian macroeconomic condition may lead to a downgrade of the Issuer's ratings, which could in turn cause adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Credem Group.

Any reduction of the rating levels assigned to the Issuer could have a negative effect on the opportunities for the Issuer and for the Credem Group to access the various liquidity instruments and could lead to an increase in funding costs or require the constitution of additional collateral guarantees for the purpose of accessing liquidity. This may cause adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Credem Group.

#### **Risks regarding the Credem Group**

##### **Risks related to the financial, macroeconomic, social, political and business situation**

***The Credem Group's performance is affected by the financial markets and the macroeconomic and political environment of the countries in which it operates. Expectations regarding the performance of the global economy remain uncertain in both the short term and medium term. The national and international macroeconomic environment also continues to be subject to risks arising from the outbreak of the viral pneumonia known as "Coronavirus" (COVID-19).***

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

Expectations regarding the performance of the global economy and the current risks relating to the Chinese property sector remain uncertain in both the short term and medium term. In particular, 2020 has been marked by the global spread of the form of viral pneumonia known as COVID-19, which led the world economy to a profound economic contraction. The first news about the pandemic came from China in January 2020, after which the virus gradually spread around the world, also forcing European governments to take severe containment measures to flatten the epidemiological curve, which triggered a severe economic recession. In order to contain economic losses, the Italian government, other European governments and governments around the world, adopted extraordinary measures and the European Central Bank and the U.S. Federal Reserve, among others, intervened with the adoption of unconventional monetary policies on a large scale.

The current macroeconomic situation is characterized by high levels of uncertainty, due in part to: (a) the impact of the COVID-19 pandemic on global growth and individual countries; (b) the U.S.-driven trend toward protectionism; (iii) the rapid growth of credit in the Chinese economy and the risk of a downward pressure on Chinese property investment causing an outright contraction in housing sales and investment; (iv) the developments associated with Brexit; (v) future developments in the European Central Bank and U.S. Federal Reserve monetary policies and the policies implemented by various countries, including those aimed at promoting competitive devaluations of their currencies; (vi) constant change in the global and European banking sector, which has led to a progressive reduction in the spread between lending and borrowing rates; and (vii) the sustainability of the sovereign debt of certain countries, including Italy, and the related, repeated shocks to the financial markets. European political uncertainties also remain a source of potential setback for the recovery.

In addition, the ongoing Russian invasion of Ukraine, which was launched on 24 February 2022, together with the imposition of sanctions and export controls against Russia and Russian interests by a number of countries including the European Union, has already had a significant impact on the European and global economy, with greater market volatility and significant increases in the prices of energy and natural gas. As at the date of these Listing Particulars, it is not possible to predict the broader consequences of the invasion, which could include further sanctions, export controls and embargoes, greater regional instability, geopolitical shifts and other adverse effects on macroeconomic conditions, currency exchange rates, supply chains (including the supply of fuel from Russia) and financial markets, all of which could, either directly or indirectly, have an adverse impact on the business, financial condition and results of operations of the Credem Group.

In addition, the results of the Credem Group could be affected by general economic, financial and other business conditions and, in particular, by the performance of the economy of the Republic of Italy (determined, *inter alia*, by factors such as the expected growth perspectives of the economy and credit reliability). In particular, since the Republic of Italy is the country in which the Credem Group operates on an almost exclusive basis and in which respect the Group has a relevant credit exposure, the Credem Group's business is particularly sensitive to investor perception of the country reliability and solidity of its financial condition as well as prospects of its economic growth. The political uncertainty and persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other OECD nations could have an adverse effect on the Credem Group's business, cost of borrowing, results of operations or financial condition, as well as on the value of its assets, and could result in further costs related to write-downs and impairment losses. In addition, any downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur, may destabilise the markets and have an adverse effect on the Credem Group's operating results, capital and liquidity position, financial condition and prospects as well as on the marketability of the Notes. If sentiment towards the banks and/or other financial institutions operating in Italy were to deteriorate materially, or if the Credem Group's ratings and/or the ratings of the sector were to be further adversely affected, this may have an adverse impact on the Credem Group. In addition, such change in sentiment or reduction in ratings could result in an increase in the costs and a reduction in the availability of wholesale market funding across the financial sector which could have an adverse effect on the liquidity funding and value of the assets of all Italian financial services institutions, including Credem.

Despite the difficult economic context, as at 31 December 2021, the total financial assets (direct and indirect) from customers amounted to €90,336 million (an increase of 14.4 per cent. compared with the end of 2020), net inflows from assets under management and insurance amounted to €3,310 million, net inflows from assets under administration to -€134 million and net direct deposits inflows to €1,318 million.

However, material adverse effects on the business and profitability of the Credem Group may result from further developments in terms of monetary policy and/or additional events occurring on an extraordinary basis (such as political instability, terrorism and any other similar event occurring in the markets where the Credem Group operates and, as recently experienced, a pandemic emergency). In addition, the Credem Group's performance is affected by factors such as investor confidence, financial market liquidity, the availability and cost of borrowing on the capital markets, all of which are by their very nature, connected to the general macroeconomic situation. The global economic recovery may be further impacted by potential new rounds of restrictions that might be introduced by countries across the world, with the risk of further slowing down the expected recovery.

Adverse changes in the above factors, particularly at times of economic-financial crisis, could increase the Credem Group's cost of funding, with a material adverse impact on the business, financial condition and results of operations of the Credem Group.

## **Risks related to the business activities and industry of Credem**

### ***Credit risk***

Credit risk relates to the risk of loss arising from counterparty default (in particular, recoverability of loans) or in the broadest sense from a failure to perform contractual obligations, including on the part of any guarantors. Credit risk includes (i) counterparty risk and (ii) risks connected to the deterioration of the credit quality.

A number of factors affect a bank's credit risk in relation to individual credit exposures or for its entire loan book. These include the trend in general economic conditions or those in specific sectors, changes in the rating of individual counterparties, deterioration in the competitive position of counterparties, poor management on the part of firms or counterparties given lines of credit, and other external factors, also of a legal and regulatory nature. Starting from the effect of the COVID-19 pandemic, followed by Russian-Ukrainian crisis and economic impacts (e.g. inflation and increase of energy costs/ supply of raw materials) it cannot be excluded that credit quality for 2021 and 2022 could be influenced with potential impacts not yet fully quantifiable.

The deterioration of the creditworthiness of major customers and, more generally, any defaults or repayment irregularities, the launch of bankruptcy proceedings by counterparties, the reduction of the economic value of guarantees received and/or the inability to execute the said guarantees successfully and/or in a timely manner, as well as any errors in assessing customers' creditworthiness (which may affect the Credem Group's risk management methodologies, assessments and processes) could have a material negative effect on the business, financial condition and/or results of operations of the Credem Group.

#### ***a) Counterparty risk***

In the conduct of its operations, the Credem Group is exposed to counterparty risk. Counterparty risk is the risk that a counterparty of a transaction (including operations in derivatives and repurchase agreements) involving particular financial instruments may default before the transaction is settled. The Credem Group trades derivative contracts with a wide variety of underlying assets and instruments, including interest rates, exchange rates, equity indices, commodities and loans, with counterparties from the financial services sector, commercial banks, government entities, financial and insurance firms, investment banks, funds and other institutional clients as well as with non-institutional clients.

Transactions in derivatives and repurchase transactions expose the Credem Group to the risk that the counterparty defaults or becomes insolvent before settlement or expiry of the transaction, where the Issuer or other Credem Group company has an outstanding claim against such counterparty, in addition to market risks and operational risks.

Such risks, which were accentuated as a result of the financial crisis and the consequent volatility in financial markets, could result in further adverse effects, if collateral provided to the Issuer or other companies of the Credem Group cannot be realised or liquidated according to the envisaged timetable, in a manner, or to an extent, sufficient to cover the exposure to the counterparty.

The Credem Group has specific policies and procedures for identifying, monitoring and managing these types of risk. Any breach by the counterparties of the obligations they assume under derivative or repurchase

contracts they have made with the Issuer or other companies of the Credem Group, and/or the realisation or liquidation of such collateral as they have provided that delivers a lower value than expected, may result in adverse effects on the business, financial condition and/or results of operations of the Issuer and/or of the Credem Group.

#### *b) Risks connected to the deterioration of credit quality*

The Credem Group is subject to credit risk. The Credem Group's policies for managing and controlling the quality of the loan portfolio, and the associated risks, are based on rules of sound and prudent management. The policies are implemented through the processes of distributing, managing and monitoring credit risks that varied according to the circumstances of the market, business sector and characteristics of each borrower. The loan portfolio is closely monitored on a continuous basis in order to promptly identify any signs of imbalance and to take corrective measures aimed at preventing any deterioration.

The recent crisis in the financial markets and the global economic slowdown have reduced, also as a result of the COVID-19 pandemic, the disposable income of households, as well as the profitability of companies and/or have adversely affected the ability of bank customers to honour their commitments, resulting in a deterioration in credit quality in the areas of activity of the Credem Group.

The coverage of the non-performing exposures of the Credem Group as at 31 December 2021 was equal to 53.75%.

The Credem Group's gross NPL ratio was equal to 2.43% as of 31 December 2021. On 31 December 2020, the same data corresponded to 2.93%. Even though the Credem Group periodically makes provisions to cover potential losses, on the basis of its experience and statistics, the Credem Group may have to increase these provisions further should there be a rise in bad loans or an increasing number of the Credem Group's debtors subject to insolvency proceedings (including bankruptcy or creditors' composition). In addition, provisioning may have to increase on the basis of Regulation (EU) 2019/630 of 17 April 2019 (the **Prudential Backstop Regulation**), once implemented. In this regard, any significant increase in the provisions for non-performing exposures, change in the estimates of credit risk, or any losses that exceed the level of the provisions already made, could have a negative impact on the business, financial condition and/or results of operations of the Issuer and/or the Credem Group.

#### **Competition**

The Credem Group is subject to competition from a large number of companies who may offer the same financial products and services and other forms of alternative and/or novel forms of borrowing or investment. Such competitors include banks and other financial intermediaries. In addition, the formation of increasingly large banking groups, and the entry of foreign financial institutions into the Italian banking market, may allow such companies to offer products and services on terms that are more financially advantageous than those which the Credem Group is able to offer as a result of their possible economies of scale.

Competitive pressure may arise either from consumer demand of new services as well as technological demand, with the consequent necessity to make investments, or as a result of competitors' specific competitive actions. In the event that the Credem Group is not able to respond to the increasing competitive pressure by, for example, offering profitable new services and products that meet client demands, the Credem Group could lose market share in a number of business sectors and/or fail to increase or maintain the volumes of business and/or profit margins it has achieved in the past, with possible adverse effects on the Credem Group's financial condition and results of operations.

#### **Operational risks**

The Credem Group, like all financial institutions, is exposed to the risk of incurring losses due to the inadequacy or inefficiency of processes, personnel and internal system, or caused by external factors. For example, these include losses due to fraud, human error, interruptions in operations, system unavailability (including IT system; see also "*Risk relating to information technology systems*" below), contractual breaches and natural disasters. In terms of their monetary manifestation, this definition includes legal risk, model-related

risk, operating losses overlapping market risk (i.e. losses and/or additional costs related to financial transactions) and operating losses overlapping credit risk (i.e. losses generated during the placement of a product and/or within a lending process, due to an operational risk). Operational risk does not include reputational risk or strategic risk. The Credem Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately monitored. Any failure or weakness in these systems, could however adversely affect its financial performance and business activities.

### ***Risks relating to information technology systems***

The Credem Group depends on its information technology (**IT**) and data processing systems to operate its business, as well as on their continuous maintenance and constant updating. The Credem Group is exposed to the risk that data could be damaged or lost, or removed, disclosed or processed (data breach) for purposes other than those authorized by the customer, including by unauthorized parties.

The possible destruction, damage or loss of customer, employee or third party data, as well as its removal, unauthorized processing or disclosure, would have a negative impact on the Credem Group's business and reputation, and could subject the Credem Group to fines, with consequent negative effects on the Credem Group's business, results of operations or financial condition.

In addition, changes to relevant regulation could impose more stringent sanctions for violations, and could have a negative impact on the Credem Group's business insofar as they lead the Credem Group to incur additional compliance costs.

There are possible risks with regard to the reliability of IT systems (disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the Credem Group's operations, as well as on the Credem Group's capital and financial situation.

Risks faced by the Credem Group relating to the management of IT systems include possible violations of its systems due to unauthorized access to the Credem Group's corporate network or IT resources, the introduction of viruses into computers or any other form of abuse committed via the Internet. Like attempted hacking, such violations have become more frequent over the years throughout the world and can therefore threaten the protection of information relating to the Credem Group and our customers and can have negative effects on the integrity of the Credem Group's IT systems, as well as on the confidence of the Credem Group's customers and on the Credem Group's reputation, with possible negative effects on the Credem Group's capital and financial condition.

### ***Reduced interest rate margin***

For several years now, the Italian banking sector has been characterised by increasing competition which, together with the level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for banks to maintain positive growth trends in interest rate margins. In particular, such competition has had two main effects:

- (i) a progressive reduction in the differential between lending and borrowing interest rate, which may result in the Credem Group facing difficulties in maintaining its actual rate of growth in interest rate margin; and
- (ii) a progressive reduction in commissions and fees, particularly from dealing on behalf of third parties and orders collection, due to competition on prices.

Both of the above factors may adversely affect the Credem Group's financial condition and results of operations. In addition, downturns in the Italian economy could cause pressure on the competition through, for example, increased price pressure and lower business volumes for which to compete.

## ***Market risk***

The Credem Group is exposed to market risk, being the risk that the value of a financial asset or liability could vary because of changes of market factors, such as share prices, interest rates, exchange rates and their volatilities, as well as changes in the credit spreads of the relevant issuer.

To the extent that any of the instruments and strategies used by the Credem Group to hedge or otherwise manage its exposure to counterparty or market risk are not effective, the Credem Group may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Credem Group's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Credem Group's financial results also depend upon how effectively it determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

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

In some of the Credem Group's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the Credem Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that do not benefit from a liquid market. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the Credem Group using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Credem Group's operating results and financial condition. In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Credem Group's securities trading activities and its asset management services, as well as its investments in and sales of products linked to the performance of financial assets.

### ***Governmental and central banks' actions intended to support liquidity may be insufficient or discontinued***

In response to the financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors, intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.

The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the Credem Group's business, financial condition and results of operations.

### ***Risks related to the legal and regulatory framework******Risk related to the development of the banking sector regulation and the changes in the regulation on the solution of banking crises***

The Credem Group is required to hold a licence for its operations and is subject to regulation and supervision by authorities in both the European Union and Italy. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the **Basel Committee** or the **BCBS**) and aim at preserving their stability and resilience and limiting their risk exposure.

The Credem Group is also subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank (**ECB**) and the European System of Central Banks.

The banking laws to which the Credem Group is subject govern the activities in which banks and foundations

may engage and are designed to maintain the safety and soundness of banks and limit their exposure to risk. In addition, the Credem Group must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Credem Group including proposed regulatory initiatives that could significantly alter the Credem Group's capital requirements.

Failure to observe any of the legal and regulatory provisions currently in force or any changes relating to the interpretation of the applicable legislation by the competent authorities could negatively impact the operating results and capital and financial position of the Credem Group.

In addition, there can be no assurance that the implementation of the new capital requirements, standards and recommendations will not require the Credem Group to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Credem Group's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect the Credem Group's return on equity and other financial performance indicators.

### ***Basel III and the CRD IV Package***

In the wake of the global financial crisis that began in 2008, the BCBS approved, in the fourth quarter of 2010, revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity, which impose requirements for, inter alia, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

The Basel III framework has been implemented in the EU through new banking regulations requirements: Directive 2013/36/EU of the European Parliament and of the Council of the European Union of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV**) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended from time to time (the **CRR** and together with the **CRD IV**, **CRD IV Package**). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements are now largely fully effective as of 1 January 2019 and some minor transitional provisions provide for phase-in until 2024). National options and discretions that were previously exercised by national competent authorities are now exercised by the Single Supervisory Mechanism (**SSM**) in a largely harmonised manner throughout the Banking Union. In this respect, on 14 March 2016, the European Central Bank (the **ECB**) adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options/discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result.

The CRD IV Package was subsequently updated in the Regulation No. 876/2019 and Directive (EU) No. 2019/878 (the **Banking Reform Package** with CRR II and CRD V).

In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the **Minimum Requirement for Own Funds and Eligible Liabilities** or **MREL**). The Credem Group has to meet MREL requirements on a consolidated basis. MREL constrains the structure of liabilities and may require the use of subordinated debt, which would have an impact on cost and potentially on the Credem Group's financing capacity. The Banking Reform Package also contains the Directive (EU) 2019/879 (**BRRD II**), which amended the Bank Recovery and Resolution Directive 2014/59/EU of 15 May 2014 (**BRRD**, implemented in Italy with Legislative Decrees 180 and 181 of 16 November 2015), introducing, *inter alia*, significant changes to the standards regarding the calibration of the MREL requirement for banks that are systematically relevant and redefining the scope of MREL itself in order to align the eligibility criteria with those set out in the CRR



so as to converge this ratio with the standard on total loss absorbing capacity for systemically important banks (**TLAC**).

In Italy, the Government approved the Legislative Decree No. 72 of 12 May 2015, implementing the CRD IV Directive, that entered into force on 27 June 2015. This decree impacted, *inter alia*, on:

- (i) proposed acquirers of credit institutions' holdings, shareholders and Members of the management body requirements (Articles 22, 23 and 91 of the CRD IV Directive);
- (ii) supervisory measures and competent authorities' powers (Articles 64, 65, 102 and 104 of the CRD IV Directive);
- (iii) reporting of potential or actual breaches of national provisions (so called whistleblowing, Article 71 of the CRD IV Directive); and
- (iv) administrative penalties and measures (Article 65 of the CRD IV Directive).

The Bank of Italy published the supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013, as subsequently amended from time to time by the Bank of Italy - the **Circular No. 285**) which came into force on 1 January 2014, implementing the CRD IV Package and setting out additional local prudential rules. Circular No. 285 has been constantly updated after its first issue.

According to Article 92 of the CRR Regulation, institutions shall at all times satisfy the following own funds requirements: (i) a Common Equity Tier 1 (CET1) Capital ratio of 4.5 per cent.; (ii) a Tier I Capital ratio of 6 per cent.; and (iii) a Total Capital ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital:

- *Capital conservation buffer*: the capital conservation buffer applies to the Credem Group pursuant to Circular No. 285 and, starting from 1 January 2019, is equal to 2.5% of risk-weighted assets (**RWAs**);
- *Counter-cyclical capital buffer*: set by the relevant competent authority between 0% and 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in the Member State justify it), with gradual introduction from 1 January 2016 and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive. The counter-cyclical capital buffer for the third quarter of 2021 was set by the Bank of Italy at 0%;
- *Capital buffers for global systemically important institutions (G-SIIs)*: set as an “additional loss absorbency” buffer ranging from 1.0% to 3.5% determined according to specific indicators (e.g. size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity), and has become fully effective starting from 1 January 2019, which does not apply to the Credem Group; and
- *Capital buffers for other systemically important institutions at domestic level (O-SIIs)*: up to 2.0% as set by the relevant competent authority and must be reviewed at least annually, to compensate for the higher risk that such banks represent to the domestic financial system.

In addition to the above-mentioned capital buffers, under Article 133 of the CRD IV Directive, each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long-term non-cyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. As at the date of these Listing Particulars, no provision is taken on the systemic risk buffer in Italy.

On 28 April 2021, the Bank of Italy issued the regulatory proposals on, *inter alia*, capital reserves for public consultation. The consultation proposes amendments to Part One, Title II, Chapter 1, of the Bank of Italy Circular communication no. 285/2013, in order to introduce the systemic risk buffer (SyRB) for banks and

authorised banking groups in Italy and is intended to align the rules applicable with regard to the capital reserve. The consultation period was opened for 60 days but definitive rules have not yet been adopted.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV Directive and Part I, Title II, Chapter I, Section V of Circular No. 285).

In addition to the requirements above, Regulation (EU) 2019/877 (**SRMR II**) introduced new elements, including, *inter alia*, the maximum distributable amount related to MREL (**M-MDA**). In particular, pursuant to the SRMR II the SRB may set restrictions preventing entities from distributing more than the M-MDA via various actions (including dividend payments on CET1, variable remuneration and payments on AT1 instruments). The M-MDA may be applied where the bank meets the combined buffer requirements on top of the own fund requirements (i.e. the bank is not under the prudential "Maximum Distributable Amount" restriction), but fails to meet the combined buffer requirements when considered in addition to the external and internal MREL (including subordination) as well as internal and external TLAC requirements, in all cases calculated in terms of risk exposure amount (TREA). In addition, the M-MDA may also be imposed in cases of breaches of MREL. M-MDA regime became applicable on 28 December 2020 for breaches when considered in addition to the external and internal TLAC requirements. For all other requirements (internal and external MREL including subordination), the M-MDA applies as from 1 January 2022 (i.e. first binding MREL targets under BRRD).

Moreover, the Credem Group is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, which will be impacted, on an ongoing basis, by the Supervisory Review and Evaluation Process (**SREP**). Following the SREP the ECB provides, on an annual basis, a final decision of the capital requirement that Credem must comply with a consolidated level on the basis of the consolidated situation of Credito Emiliano Holding S.p.A. Total SREP capital requirement (TSCR) assigned for 2022 (based on 2021 assessment) ) amounts to 9.00% (which includes a Pillar 2 additional own funds requirement of 1.00%, to be held in the form of 56.25% of Common Equity Tier 1 (CET1) capital and 75% of Tier 1 capital, as a minimum). It should be noted that, on 12 March 2020, the ECB, taking into account the economic effects of the coronavirus (COVID-19), announced certain measures aimed at ensuring that banks, under its direct supervision, are still able to provide credit support to the real economy. Considering that the European banking sector acquired a significant amount of capital reserves (with the aim of enabling banks to face with stressful situations such as the COVID-19), the ECB allows banks to operate temporarily below the capital level defined by the "Pillar 2 Guidance (P2G)" and the "capital conservation buffer (CCB)". Furthermore, the ECB expects these temporary measures to be further improved by an appropriate revision of the countercyclical capital buffer (CCyB) by the competent national authorities.

The Basel III agreements provided also for (i) the introduction of a Liquidity Coverage Ratio or (**LCR**), which expresses the ratio between the amount of available assets readily monetizable, in order to establish and maintain a liquidity buffer which will permit the bank to survive for 30 days in the event of serious stress (as of 1 January 2018, the indicator is subject to a minimum regulatory requirement of 100 per cent) and (ii) a Net Stable Funding Ratio (**NSFR**), with a time period of more than one year, introduced to ensure that the assets and liabilities have a sustainable expiry structure. The Commission Delegated Regulation (EU) No. 2015/61, adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015, specifies the calculation rules of the LCR, while the relevant provisions concerning NSFR are included in the amendments to the CRR comprised in the EU Banking Reform referred to below. With reference to the LCR, on 12 March 2020, the ECB, taking into account the economic effects of the COVID-19 pandemic, announced that banks will be allowed to operate temporarily below the minimum LCR.

There can be no assurance that the total capital requirements imposed on the Issuer or the Credem Group from time to time may not be higher than the levels of capital available at such time. Also, there can be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further own funds requirements on the Issuer or the Credem Group.

The compliance on the part of the Credem Group with minimum levels of capital ratios applicable on the basis of prudential rules in force and/or those imposed by the supervisory authorities (for example in the context of the SREP) and the achievement of the forecasts of a regulatory nature indicated therein depends, *inter alia*, on the

implementation of strategic actions, which may have a positive impact on the capital ratios. Therefore, if such strategic actions are not carried out, either in whole or in part, or if the same should result in benefits other than and/or lower than those envisaged by the Credem Group, which could result in deviations, even significant, with respect to its objectives, as well as producing negative impacts on the ability of the Credem Group to meet the constraints provided by the prudential rules applicable and/or identified by the supervisory authorities and the economic situation, the financial assets of the Credem Group itself.

Should the Credem Group not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings and funding conditions, and which could limit the Credem Group's growth opportunities.

*The BRRD is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of the Notes and/or the rights of Noteholders.*

On 2 July 2014, the Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the **Banks Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of the Notes.

The BRRD provides competent authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institutions so as to ensure the continuity of the institution's critical functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD applied by Member States as from 1 January 2015, except for the General Bail-in Tool (as defined below) which applied as from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone (except for the asset separation tool) or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which grants resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the **General Bail-in Tool**), which equity could also be subject to any future application of the General Bail-in Tool.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable while maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilization tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

The BRRD requires all Member States to create a national, prefunded resolution fund, reaching a level of at least 1 per cent. of covered deposits by 31 December 2024. The National Resolution Fund for Italy was created

in November 2015 and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms. In the Banking Union, the National Resolution Funds set up under the BRRD were superseded by the Single Resolution Fund as of 1 January 2016 and those funds will be pooled together gradually. Therefore, as of 2016, the Single Resolution Board calculates, in line with a Council implementing act, the annual contributions of all institutions authorised in the Member States participating in the SSM and the SRM (as defined below). The SRF is financed by the European banking sector. The total target size of the Fund is equal to at least 1 per cent. of the covered deposits of all banks in the Member States participating in the Banking Union. The SRF is to be built up over eight years, beginning in 2016, to the target level of EUR 55 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the Banking Union). Once this target level is reached, in principle, the banks will have to contribute only if the resources of the SRF are actually used in order to deal with resolutions of other institutions.

Under the BRRD, the target level of the National Resolution Funds is set at national level and calculated on the basis of deposits covered by deposit guarantee schemes. Under the SRM, the target level of the SRF is European and is the sum of the covered deposits of all institutions established in the participating Member States. This results in significant variations in the contributions by the banks under the SRM as compared to the BRRD. As a consequence of this difference, when contributions would have been paid based on a joint target level starting as of 2016, contributions of banks established in Member States with a high level of covered deposits could abruptly have decreased, while contributions of those banks established in Member States with fewer covered deposits could abruptly have increased. In order to prevent such abrupt changes, the Council Implementing Act provides for an adjustment mechanism to remedy these distortions during the transitional period by way of a gradual phasing in of the SRM methodology.

In addition to the General Bail-in Tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into shares or other instruments of ownership at the point of non-viability and before any other resolution action is taken (the **BRRD Non-Viability Loss Absorption**). Any shares or other instruments of ownership issued upon any such conversion into shares or other instruments of ownership may in turn be subject to the application of the General Bail-in Tool.

In the context of certain of the resolution tools described above, the resolution authorities have the power to amend or alter the maturity of certain debt instruments (including notes such as the Notes) issued by an institution under resolution or amend the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of the Notes may be subject to write-down or conversion into equity capital instruments on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of these, or any other power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Credem Group to satisfy its obligations under the Notes.

### ***Implementation of the BRRD in Italy***

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely Legislative Decrees No. 180/2015 and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Banking Law (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applies from 1 January 2016; and (ii) a “depositor preference” granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs is effective from 1 January 2019.

It is important to note that, pursuant to article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the write down/conversion powers in relation to secured liabilities, including covered bonds

or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability that exceeds the value of the assets, pledge, lien or collateral against which it is secured.

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the general bail-in tool and (ii) the BRRD provides, at Article 44(3), that the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the general bail-in tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally.

Accordingly, holders of the Notes may be subject to write-down/conversion upon an application of the general bail-in tool while other Notes ranking *pari passu* with such Notes (or, in each case, other *pari passu* ranking liabilities) are partially or fully excluded from such application of the general bail-in tool. Further, although the BRRD provides a safeguard in respect of shareholders and creditors upon application of resolution tools, Article 75 of the BRRD sets out that such protection is limited to the incurrence by shareholders or, as appropriate, creditors, of greater losses as a result of the application of the relevant tool than they would have incurred in a winding up under normal insolvency proceedings. It is therefore possible not only that the claims of other holders of junior or *pari passu* liabilities may have been excluded from the application of the general bail-in tool and therefore the holders of such claims receive a treatment which is more favourable than that received by holders of the Notes, but also that the safeguard referred to above does not apply to ensure equal (or better) treatment compared to the holders of such fully or partially excluded claims because the safeguard is not intended to address such possible unequal treatment but rather to ensure that shareholders or creditors do not incur greater losses in a bail-in (or other application of a resolution tool) than they would have received in a winding up under normal insolvency proceedings.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of the Notes will have expressly waived any rights of set-off, netting, counterclaim, abatement or other similar remedy which they might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Notes, it is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply.

On 30 November 2021, Legislative Decree No. 193 of 8 November 2021 implementing in Italy the BRRD II has been published in the Italian Official Gazette No. 285.

As the BRRD (and the BRRD II) has only recently been implemented in Italy and other Member States, there is uncertainty as to the effects of its application in practice.

In particular, there remains uncertainty as to how or when the general bail-in tool may be used and how they would affect the Issuer, the Credem Group and the Notes. The determination that all or part of the principal amount of any Notes will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's and the Credem Group's control. Although there are proposed pre-conditions for the exercise of the general bail-in tool, there remains uncertainty regarding the specific factors which the relevant resolution authority would consider in deciding whether to exercise the general bail-in tool with respect to a financial institution and/or securities 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 general bail-in tool are 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 powers. 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. In addition to the BRRD, it is possible

that the application of other relevant laws, the CRD IV Package 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 absorbing losses 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, 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.

### ***Deposit Guarantee Scheme and Single Resolution Fund.***

After having reached an agreement with the Council, in April 2014, the European Parliament adopted, Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism (the **SRM**). The SRM became fully operational on 1 January 2016. However, certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities entered into force on 1 January 2015. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the SRM as part of the EU Banking Reform. In particular, the main objective of such proposal is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules by avoiding duplication by applying two parallel requirements.

The SRM, which complements the ECB Single Supervisory Mechanism, applies to all banks supervised by the ECB Single Supervisory Mechanism. It mainly consists of the SRB and a Single Resolution Fund (the **SR Fund** or the **SRF**). Decision-making is centralised with the SRB, and involves the European Commission and the Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities. The SR Fund, which backs resolution decisions mainly taken by the SRB, will be divided into national compartments during an eight year transition period. Banks, starting from 2015, were required to start paying contributions (additional to the contributions to the national deposit guarantee schemes) to national resolution funds that gradually started mutualising into the SR Fund starting from 2016.

The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the ECB Single Supervisory Mechanism. The participating banks are required to finance the SR Fund.

The Credem Group is therefore required to pay contributions to the SRM in addition to contributions to the national deposit guarantee scheme and this may have an adverse effect on the Credem Group's operations or financial condition.

These contribution obligations could have a significant impact on the Credem Group's financial and capital position. The Credem Group cannot currently predict the multi-year costs of the extraordinary contribution components which may be necessary for the management of any future banking crises. The manner in which the SRM will operate is still evolving, so there remains some uncertainty as to how the SRM will affect the Credem Group once implemented and fully operational.

### ***The Issuer and the Credem Group may be affected by new accounting standards***

Following the entry into force and subsequent application of new accounting standards, regulatory rules and/or the amendment of existing standards and rules, the Issuer and the Credem Group may have to revise the accounting and regulatory treatment of certain outstanding assets and liabilities (e.g. deferred tax assets) and transactions (and the related income and expense). This may have potentially negative effects, also significant, on the estimates contained in the financial plans for future years and may cause the Issuer and the Credem Group to have to restate previously published financials.

In this regard, an important change occurred with the introduction, starting from 1 January 2018, of IFRS 9 "Financial Instruments" that, following the entry into force on 19 December 2016 of Regulation (EU) 2016/2067, replaced IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduced:

- significant changes to the rules related to the classification and measurement of financial assets that are based on the management method ("business model") and on the characteristics of the cash flows

of the financial instrument (SPPI criterion—Solely Payments of Principal and Interests) which could involve different classification and measurement methods for financial instruments compared with IAS 39;

- new impairment accounting model based on a “forward looking expected losses” impairment model rather than an incurred losses approach as in IAS 39 (calculated over a 12-month period horizon) and on the concept of a lifetime expected loss which could lead to a structural anticipation and increase of the value adjustments, particularly those on receivables;
- a “three stage impairment model” for impairment based on changes in credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognized as expected credit losses:
  - (i) in Stage 1 are allocated financial instruments (performing) that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these instruments 12-month expected credit losses (ECL) are calculated;
  - (ii) Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) without objective evidence of impairment. For these financial instruments, lifetime ECL are calculated; and
  - (iii) in Stage 3, financial assets with objective evidence of impairment at the reporting date are allocated. Lifetime ECL is also recognized for these instruments; and
- new rules for the designation of a hedge account and for checking its effectiveness with the aim of guaranteeing a better alignment between the accounting representation of the hedging and the underlying management logics.

Consistent with the choices made regarding IFRS 9, the Issuer and the Credem Group opted to recognise the possible impacts of the application of the standard retrospectively. The Issuer and the Credem Group’s financial statements as of 30 June 2018 were the first accounting report prepared in compliance with IFRS 9 and therefore such interim financial statements reflect the qualitative and quantitative disclosures relating to the transition to IFRS 9 with particular regard to the overall impacts defined on First Time Application (FTA).

Lastly, accounting standard IFRS 16 (Leases), published by the IASB on 13 January 2016 and endorsed by the European Commission on 9 November 2017, has superseded accounting standard IAS 17 (Leases) on 1 January 2019.

Specifically, the new standard introduces new accounting rules for leasing contracts for the lessees (*i.e.* the users of the goods under a contract for lease). These rules are based on the definition of ‘lease’ as a contract in which the right to control the use of an identified asset is granted for a specified period of time, in exchange for payment.

As a result of this definition, the lessee must recognise the right-of-use of the underlying asset as an asset on the balance sheet, and that asset will subsequently be subject to depreciation; the lessee must then also recognise the present value of lease payments (to be made over the full lifetime of the contract) as a liability.

The Issuer and the Credem Group have conducted an analysis of new key elements introduced by the standard and are now proceeding with a detailed analysis of the contracts stipulated as lessor/lessee, which may constitute a "Lease", according to the provisions of IFRS 16, followed by a subsequent design and implementation phase, to be completed by the end of the financial year 2018, in order to be compliant with the new standard starting from 1 January 2019. The quantitative impact related to the first adoption of IFRS 16 has been disclosed in each financial report published so far. Starting from 2020, all financial figures contained in financial reports already include IFRS16 impacts.

In addition, it should be noted that the European Commission endorsed the following accounting principles and interpretations that are applicable starting from 2018 financial statements:

- Regulation (EU) No. 2017/1987 which adopts amendments to IFRS 15 “*Revenue from contracts with*

*customers – Clarifications of IFRS 15”;*

- Regulation (EU) No. 2017/1988 which adopts amendments to IFRS 4 “*Joint application of IFRS 9 Financial Instruments*” and IFRS 4 “*Insurance Contracts*”.
- Regulation (EU) No. 2018/182 which adopts the “*Annual improvements to IFRS Standards 2014-2016 Cycle*”;
- Regulation (EU) No. 2018/289 which adopts the “*Amendment to IFRS 2: Classification and Measurement of Share-based Payment Transactions*”;
- Regulation (EU) No. 2018/400 which adopts the “*Amendment to IAS 40: Transfers of Investment Property*”; and
- Regulation No. 2018/519 which adopts “*IFRIC 22: Foreign Currency Transactions and Advance Consideration*”.

## **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.*

### ***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 incorporated by reference in these Listing Particulars or in any applicable supplement;
- (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 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**



**Regulations**), including any successor regulations, and Article 63 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time (the **CRD IV Regulation**). The Notes and the Coupons constitute unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves, as more fully described in the “*Terms and Conditions of the Notes*”.

In the event of the winding-up, dissolution, liquidation or bankruptcy of the Issuer or in the event that the Issuer becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of the Issuer under the Notes and the Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of the Issuer and after all creditors of the Issuer holding instruments which are less subordinated than the Notes but at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the Notes and in priority to the claims of shareholders of the Issuer. 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.

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 BRRD framework 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 **General Bail-in Tool**), 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 supervision of the Single Resolution Board and is not currently subject to Bail-in Power and that in the event of exercise of the Bail-in Power, according to the current resolution strategy adopted by SRB, the entry point of the resolution is Credem.

However, since the Issuer is the holding company of Credem, should the entry point of the resolution of the Credem Group become the Issuer in the future, investors should note that by its acquisition of the Notes (both at issuance and on the secondary market), each holder of the Notes recognizes, accepts, agrees to be bound and agrees 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 or interest on the Notes and / or the conversion of all or part of the principal amount or interest on the Notes into shares or other securities or other obligations of the Issuer or any other person, including by of 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 General Bail-in Tool, 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 or one of the Credem Group's entities or another institution. 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 introduces point *c-ter* under Article 91 paragraph 1-*bis*) of 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.

The provisions also apply to instruments issued before the 193 Decree came into effect (1 December 2021).

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 additional tier 1 notes and 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.

It should be noted that, as of the date of these Listing Particulars, the Issuer holds 77.5 per cent. of the share capital of Credem which is the parent company of the Group. The Issuer is not part of the Group, is not currently within the scope of the supervision of the Single Resolution Board and is not currently subject to Bail-in Power. In case of exercise of Bail-in Power, according to the current preferred resolution strategy of the SRB, the point of entry of the resolution is Credem.

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 general bail-in tool may be used and how it would affect the Issuer, the Credem 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 Credem Group's control. Although there are proposed pre-conditions for the exercise of the General Bail-in Tool, there remains uncertainty regarding the specific factors which the relevant resolution authority would consider in deciding whether to exercise the General Bail-in Tool 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 General Bail-in Tool 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 General Bail-in Tool. 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 EBA. In addition to the BRRD, it is possible that the application of other relevant laws 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, 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.

***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 to the extent, and in the manner, required by 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:
  - (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 the Italian Inter-Bank Fund for the Protection of Deposits***

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

***The 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 “*Risks relating to the Notes - 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 TARGET 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.

***Decisions at Noteholders’ meetings bind all Noteholders***

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 11 (*Meetings of Noteholders, Noteholders’ Representative and Modification*). Noteholders’ meetings may be called to consider matters affecting Noteholders’ interests generally, including modifications to the Terms and Conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders’ rights and on the market value of the Notes.

***Noteholders’ meeting provisions may change by operation of law or because of changes in the Issuer’s circumstances***

The provisions relating to Noteholders’ meetings (including quorums and voting majorities) are subject to compliance with certain provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders’ meetings are intended to follow provisions of Italian law that apply to Noteholders’ meetings where the Issuer is an Italian unlisted company. As at the date of these

Listing Particulars, the Issuer is an unlisted company but, if its shares are listed on a securities market while the Notes are still outstanding, then the provisions of Italian law that apply to Noteholders' meetings will be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's bylaws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Agency Agreement and summarised in the Terms and Conditions will correctly reflect provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes.

### ***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 these Listing Particulars and any such change could materially adversely impact the value of the Notes.

### ***Risk relating to the governing law of the Notes***

The Terms and Conditions of the Notes will be governed by the laws of Italy and Condition 13.1 (*Governing Law*) provides that contractual and non-contractual obligations arising out or in connection with them shall be governed by, and construed in accordance with, Italian Law. The Global Notes representing the Notes provide that all contractual and non-contractual obligations arising out of or in connection with the Global Notes are governed by Italian law, save for the form and transferability of the Global Notes which are governed by English law. Furthermore, the Temporary Global Note and the Permanent Global Note will be signed by the Issuer in the United Kingdom and, thereafter, delivered to BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and paying agent, being the entity in charge for, *inter alia*, completing, authenticating and delivering the Temporary Global Note and Permanent Global Note and (if required) authenticating and delivering Definitive Notes, hence the Notes would be deemed to be issued in England. As article 59 of Law No. 218 of 31 May 1995 (regarding Italian international private law rules) provides that "other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued", the Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions of the Notes and the Global Notes and the laws applicable to their transfer and circulation for any prospective investors in the Notes and any disputes which may arise in relation to, *inter alia*, the transfer of ownership in the Notes.

### ***Notes where denominations involve integral multiples; Definitive Notes***

The Notes have denominations consisting of a minimum denomination of €200,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €200,000. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than €200,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the Notes such that its holding amounts to a €200,000 denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of €200,000 may be illiquid and difficult to trade.

### ***Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer***

The Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes.

While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the common depository for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

### ***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 these Listing Particulars 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 these Listing Particulars.

### ***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 amounts 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.

### ***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 domestic law by virtue of the European Union (Withdrawal) Act 2018 (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 Fiscal 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 2.102 per cent. As a result, if the Fiscal 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 any Notes referencing a "benchmark".

***There can be no assurance that the use of proceeds of the Notes and the Eligible Social Assets will be suitable for the investment criteria of an investor***

The Issuer's intention is to allocate the net proceeds of the issuance of the Notes towards Eligible Social Assets (as defined in the "Use of Proceeds" section). Prospective investors should have regard to the Framework (as defined in the "Use of Proceeds" section) regarding such use of proceeds and determine for themselves the relevance of such information for the purpose of any investment in the Notes, together with any other investigation such investor deems necessary. In particular, no assurance is given that the use of such net proceeds for any Eligible Social Asset will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations (including, amongst others, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the **EU Taxonomy**) and the EU Taxonomy Climate Delegated Act adopted by the EU Commission on 21 April 2021 (jointly, the **EU Taxonomy Regulation**) or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Social Assets. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will be developed over time or that any prevailing market consensus will not significantly change. The EU Taxonomy Regulation establishes a basis for the determination of such a definition in the EU. However, the EU Taxonomy remains subject to the implementation of delegated regulations by the European Commission on technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation. Accordingly, no assurance is or can be given to investors that any projects or uses which are the subject of, or related to, any Eligible Social Assets will meet any or all investor expectations regarding such "social" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses which are the subject of, or related to, any Eligible Social Assets funded with the net proceeds of the Notes. In addition, the Issuer may change its Framework or the selection criteria used to select Eligible Social Assets at any time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, certification of any third party (whether or not solicited by the Issuer), opinion, including the Second

Party Opinion which is available in connection with the issue of the Notes and in particular with any Eligible Social Assets to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, the Second Party Opinion is not, nor shall be deemed to be, incorporated in to and/or form part of these Listing Particulars. The Second Party Opinion is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold the Notes. The Second Party Opinion is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of such Second Party Opinion and/or the information contained therein and/or the provider of such Second Party Opinion for the purpose of any investment in the Notes. Currently, the providers of such Second Party Opinion are not subject to any specific regulatory or other regime or oversight.

In the event that the Notes are listed or admitted to trading on any dedicated “social” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Social Asset. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the net proceeds of the Notes so specified for Eligible Social Assets in, or substantially in, the manner described in these Listing Particulars, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Social Assets will be capable of being implemented in or substantially in such a manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Social Assets. Nor can there be any assurance that such Eligible Social Assets will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer.

Any such event or failure to apply an amount equal to the proceeds of the issue of the Notes for any Eligible Social Assets as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or the Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Any such event or failure by the Issuer (including any failure to comply with their reporting obligations or to obtain any assessment, opinion or certification, including the Second-party Opinion) and any actual or potential maturity mismatch between the social asset(s) towards which proceeds of the Notes may have been applied and the Notes, will not: (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an event of default; (iii) lead to an obligation of the Issuer to redeem the Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of the Notes; (iv) affect the qualification of the Notes as eligible liabilities instruments or Tier 2 Capital or impact any of the features of the Notes, including (without limitation, as applicable) features relating to ranking, permanence or loss absorption; (v) have any impact on the status of the Notes as indicated in Condition 2; or (vi) prevent the applicability of the Bail-In Power (or any other provision of the Relevant Regulations).

For the avoidance of doubt, neither the proceeds of the Notes nor any amount equal to such proceeds will be segregated by the Issuer from its capital and other assets and payments of principal and interest and the operation of any other features (as the case may be) on the Notes shall not depend on the performance of the relevant project nor have any preferred or any other right against the social assets towards which proceeds of the Notes are to be applied.

Regardless of their “social” or such other equivalent label, the Notes will be fully subject to the application of CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments (including the application of mandatory write-down or conversion to equity in the event a resolution procedure is initiated in respect of the Issuer and even before the commencement of any such procedure if certain conditions are met), the Notes (or the proceeds thereof) will be available to absorb all losses (whether or not related to any social assets towards which proceeds of the Notes may have been applied or, if relevant, reallocated) in accordance with their terms (if applicable) or the Relevant Regulations and, as such, proceeds from the Notes qualifying as own funds or eligible liabilities should cover all losses in the balance sheet of the Issuer. The fact that the Notes are designated as “social bonds” does not provide their holders with any priority compared to other debt instruments of the Issuer and the Notes will be subject to the same risks relating to their level of subordination.

Neither the Issuer nor any Manager makes any representation as to the suitability of the Notes to fulfil environmental and sustainability criteria required by prospective investors. The Managers have not undertaken, nor are responsible for the monitoring of the use of proceeds. Investors should refer to the Issuer’s website (<https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>) the Framework and the Second Party Opinion for information. The Second Party Opinion provider has been appointed by the Issuer. The Second Party Opinion and the Framework are available on the Issuer's website (<https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>).

## **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 Global Exchange Market, the Notes will have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may not continue for the life of 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*) 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 these Listing Particulars), 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 "*Risks relating to the Notes – The Rate of Interest applicable to the Notes will be reset on the Reset Date*" above.

### ***The rating assigned to the Notes by Moody's is not expected to be investment grade***

The rating assigned to the Notes by Moody's 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 Moody's.

### ***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.

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

The Notes are expected to be rated by Moody's, which is established in the European Union and registered under 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 these Listing Particulars or that one or more rating agencies other than Moody's 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 (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 these Listing Particulars.

## OVERVIEW

*This overview section must be read as an introduction to these Listing Particulars and any decision to invest in the Notes should be based on a consideration of these Listing Particulars as a whole.*

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

**Issuer:** Credito Emiliano Holding S.p.A.

**Issuer Legal Entity Identifier (LEI):** 815600AD83B2B6317788

**Notes:** €200,000,000 Subordinated Callable Fixed Rate Reset Social Notes due 5 October 2032

**Issue Price:** 100 per cent.

**Joint Lead Managers:** Barclays Bank Ireland PLC and Goldman Sachs International

**Co-Managers:** Banca Euromobiliare S.p.A. and Credito Emiliano S.p.A.

**Fiscal Agent and Paying Agent:** BNP Paribas Securities Services, Luxembourg Branch

**Form and Denomination:** The Notes will be issued in bearer form in denominations of €200,000 and integral multiples of €1,000 in excess thereof, up to (and including) €399,000. The Temporary Global Note and the Permanent Global Note will be issued in classic global note form.

**Status of the Notes:** 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 per le Banche*, as set out in the Bank of Italy Regulations, including any successor regulations, and Article 63 of the CRD IV Regulation. The Notes and the Coupons constitute unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.

**Maturity:** 5 October 2032.

**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 5 October of each year (each, an **Interest Payment Date**), commencing on 5 October 2022 (short first coupon).

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 7.625 per cent. per annum.

The Rate of Interest for each Interest Period from (and including) the Reset Date to (but excluding) 5 October 2032 (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) 5.514 per cent. (the **Margin**).

**Reset Date** means 5 October 2027.

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 – General:**

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 any date falling in the period commencing on (and including) 5 July 2027 and ending on (and including) 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 Credem 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, as more fully described in 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 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, 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, provided that in the case of any redemption of Notes proposed to be made prior to the fifth anniversary of the Issue Date, any such change or amendment is, to the satisfaction of the Competent Authority, material and was not reasonably foreseeable by the Issuer as at the Issue Date; and (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it. See further Condition 5.2 (*Redemption for Taxation Reasons*).

**Purchases:**

The Issuer or any of its Subsidiaries (as defined in Condition 5.5 (*Purchases*)) 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 and at any price in accordance with applicable laws and regulations (including for the avoidance of doubt, the Relevant Regulations), provided that all unmatured Coupons appertaining to the Notes are purchased therewith. Such Notes may, subject to the approval of the Competent Authority (if so required by the Relevant Regulations), be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

**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, as more fully described in 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 that the Issuer shall become subject to *Liquidazione Coatta Amministrativa*, any holder of a Note may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal 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

**Meetings of Noteholders, Noteholders' Representative and Modifications:** The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their common interests, including, inter alia, the modification or abrogation by Extraordinary Resolution of any of the Conditions. Such provisions are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer from time to time and, where applicable Italian law so requires, the Issuer's bylaws, including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's bylaws) taking effect at any time on or after the Issue Date. See further Condition 11.1 (*Meetings of Noteholders, Noteholders' Representative and Modifications*).

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or **Noteholders' Representative**) is appointed, inter alia, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

The Notes may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the



Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

**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 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 and Additional Amounts:** All payments of interest and other amounts in respect of the Notes will be made free and clear of withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature, imposed or levied by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer will pay (subject to certain exceptions as provided in Condition 6 (*Taxation*)) such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts of interest as would have been received by them had no such withholding or deduction been required.

**Rating:** The Notes are expected to be rated “Ba1” by Moody’s.

**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 “Risk Factors – Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained” at page 36.**

**Listing and admission to trading:** Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange regulated market of Euronext Dublin, with effect from the Issue Date. The Global Exchange Market is not a regulated market for the purposes of MiFID II.

**Listing Agent:** BNP Paribas Securities Services, Luxembourg Branch

**Clearing:** Euroclear and Clearstream, Luxembourg

**ISIN:** XS2488465423

**Common Code:** 248846542

**Format:** Bearer

**Use of Proceeds:** An amount equal to the net proceeds of the issue of the Notes will be down-streamed by the Issuer to Credito Emiliano S.p.A. by subscribing a subordinated social bond which is intended to qualify on a standalone and consolidated basis of Credito Emiliano S.p.A. as Tier 2 capital for regulatory capital purposes. It is the intention of Credito Emiliano S.p.A. to apply such amount to finance and re-finance, in whole or in part, Eligible Social Assets (as defined in the “*Use of Proceeds*” section), in accordance with the Framework (as defined in the “*Use of Proceeds*” section).

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

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and are subject to restrictions on transfer as described under “*Subscription and Sale*”.

**U.S. Selling  
Restrictions:**

Regulation S (Category 2); TEFRA D.

**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  
Statutory Bail-in  
Powers:**

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

In case of exercise of Bail-in Power, the point of entry of the resolution is Credem.

See further Condition 14 (*Contractual recognition of Statutory Bail-in Powers*).

For these purposes:

**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 Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or 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, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

**Group** means the Credem banking group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Italian Banking Act, under number 3032; and

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

**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 these Listing Particulars and have been filed with Euronext Dublin shall be incorporated by reference into, and form part of, these Listing Particulars:

- (a) the English translation of the audited consolidated annual financial statements of the Issuer as at and for the financial year ended 31 December 2021 which can be found at the following link: [https://www.credemholding.it/Portals/100000015/Documents/2021\\_Financial\\_Statements.pdf](https://www.credemholding.it/Portals/100000015/Documents/2021_Financial_Statements.pdf) (the **Issuer 2021 Annual Financial Statements**);
- (b) the English translation of the audited consolidated annual financial statements of the Issuer as at and for the financial year ended 31 December 2020 which can be found at the following link: [https://www.credemholding.it/Portals/100000015/Documents/2020\\_Financial\\_Statements\\_Credemholding-1.pdf](https://www.credemholding.it/Portals/100000015/Documents/2020_Financial_Statements_Credemholding-1.pdf) (the **Issuer 2020 Annual Financial Statements**);
- (c) the English translation of the audited consolidated annual financial statements of Credem as at and for the financial year ended 31 December 2021 which can be found at the following link: [https://www.credem.it/content/dam/credem/documenti/Investor\\_Relations/EN\\_Investor\\_Relations/Financials/2021/2021%20Consolidated%20Financial%20Statements.pdf](https://www.credem.it/content/dam/credem/documenti/Investor_Relations/EN_Investor_Relations/Financials/2021/2021%20Consolidated%20Financial%20Statements.pdf) (the **Credem 2021 Annual Financial Statements**);
- (d) the English translation of the audited consolidated annual financial statements of Credem as at and for the financial year ended 31 December 2020 which can be found at the following link: [https://www.credem.it/content/dam/credem/documenti/Investor\\_Relations/EN\\_Investor\\_Relations/Financials/2020/2020%20Consolidated%20Financial%20Statements.pdf](https://www.credem.it/content/dam/credem/documenti/Investor_Relations/EN_Investor_Relations/Financials/2020/2020%20Consolidated%20Financial%20Statements.pdf) (the **Credem 2020 Annual Financial Statements**);
- (e) the press release dated 6 May 2022 of consolidated financial results of Credem as at and for the financial year ended 31 December 2021 which can be found at the following link: [https://www.credem.it/content/dam/credem/documenti/Sala\\_Stampa/en\\_sala\\_stampa/press-releases/in-corso/2022/Press%20Release%20-%20Credem%20Prel%20FY21%20Results\\_v2.pdf](https://www.credem.it/content/dam/credem/documenti/Sala_Stampa/en_sala_stampa/press-releases/in-corso/2022/Press%20Release%20-%20Credem%20Prel%20FY21%20Results_v2.pdf) (the **Press Release of Credem FY21 Financial Results**);
- (f) the press release dated 6 May 2022 of consolidated financial results of the Issuer as at and for the financial year ended 31 December 2021 and the three months ended 31 March 2022 which can be found at the following link: [https://www.credemholding.it/Portals/100000015/Documents/CREDEMHOLDING\\_2021\\_and\\_1Q22\\_results\\_approved\\_Dividend\\_of\\_%E2%82%AC3\\_per\\_share.pdf](https://www.credemholding.it/Portals/100000015/Documents/CREDEMHOLDING_2021_and_1Q22_results_approved_Dividend_of_%E2%82%AC3_per_share.pdf) (the **Press Release of the Issuer FY21 and 1Q22 Financial Results**);
- (g) the press release dated 6 May 2022 of consolidated financial results of Credem as at and for the three months ended 31 March 2022 which can be found at the following link: [https://www.credem.it/content/dam/credem/documenti/Sala\\_Stampa/en\\_sala\\_stampa/press-releases/in-corso/2022/CREDEM%201Q22%20results%20approved..pdf](https://www.credem.it/content/dam/credem/documenti/Sala_Stampa/en_sala_stampa/press-releases/in-corso/2022/CREDEM%201Q22%20results%20approved..pdf) (the **Press Release of Credem 1Q22 Financial Results**);
- (h) the unaudited consolidated quarterly financial results of Credem as at 31 March 2022, which can be found at the following link: [https://www.credem.it/content/dam/credem/documenti/Investor\\_Relations/EN\\_Investor\\_Relations/Financials/2022/Additional%20Periodic%20Disclosure%20at%2003.31.2022.pdf](https://www.credem.it/content/dam/credem/documenti/Investor_Relations/EN_Investor_Relations/Financials/2022/Additional%20Periodic%20Disclosure%20at%2003.31.2022.pdf) (the **Credem 1Q22 Financial Statements**); and
- (i) the Credem Non Financial Statements 2021, which can be found at the following link: [https://www.credem.it/content/dam/credem/documenti/gruppo-credem/sostenibilita/2022/Credem%20Non%20Financial%20Statements\\_2021.pdf](https://www.credem.it/content/dam/credem/documenti/gruppo-credem/sostenibilita/2022/Credem%20Non%20Financial%20Statements_2021.pdf) (the **Credem Non Financial Disclosure 2021**),

- (j) the press release dated 11 May 2022 entitled “Notice of redemption - CREDEM early redeems its €100,000,000 Tier 2 notes due July 2027” (the **11 May 2022 Press Release**) which can be found at the following link  
[https://www.credem.it/content/dam/credem/documenti/Sala\\_Stampa/en\\_sala\\_stampa/press-releases/in-corso/2022/Notice%20of%20redemption%20-%20CREDEM%20early%20redeems%20its%20%E2%82%AC100,000,000%20Tier%20%20notes%20due%20july%202027.pdf](https://www.credem.it/content/dam/credem/documenti/Sala_Stampa/en_sala_stampa/press-releases/in-corso/2022/Notice%20of%20redemption%20-%20CREDEM%20early%20redeems%20its%20%E2%82%AC100,000,000%20Tier%20%20notes%20due%20july%202027.pdf)
- (k) the press release dated 24 May 2022 entitled "Credem issued a 500 million covered bond" (the **24 May 2022 Press Release**) which can be found at the following link  
[https://www.credem.it/content/dam/credem/documenti/Sala\\_Stampa/en\\_sala\\_stampa/press-releases/in-corso/2022/Credem%20issued%20a%20500%20million%20Euro%20Covered%20Bond.pdf](https://www.credem.it/content/dam/credem/documenti/Sala_Stampa/en_sala_stampa/press-releases/in-corso/2022/Credem%20issued%20a%20500%20million%20Euro%20Covered%20Bond.pdf)

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 these Listing Particulars 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 these Listing Particulars.

Copies of documents incorporated by reference into these Listing Particulars can be obtained free of charge from the registered office of the Issuer and, during normal business hours, from the specified office of the Paying Agent in each case at the address given at the end of these Listing Particulars and will be available for viewing on the websites of the Issuer (at [www.credemholding.it](http://www.credemholding.it)) and Credem (at [www.credem.it](http://www.credem.it)).

The information incorporated by reference that is not included in the cross-reference list below, is considered either not relevant or covered elsewhere in the Listing Particulars.

## CROSS-REFERENCE LIST FOR DOCUMENTS INCORPORATED BY REFERENCE

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## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form:*

The €200,000,000 Subordinated Callable Fixed Rate Reset Social Notes due 5 October 2032 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 12 (*Further Issues*) and forming a single series with the Notes of Credito Emiliano Holding S.p.A. (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 5 July 2022 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €200,000 and integral multiples of €1,000 in excess thereof up to and including €399,000 with Coupons attached on issue.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 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 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 Regulations**), 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 and the Coupons constitute unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.

- 2.2 In the event of the winding-up, dissolution, liquidation or bankruptcy of the Issuer or in the event that the Issuer becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of the Issuer under the Notes and the Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of the Issuer and after all creditors of the Issuer holding instruments which are less subordinated than the Notes but at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the Notes and in priority to the claims of shareholders of the Issuer.
- 2.3 In the event the Notes do not qualify or cease to qualify, in their entirety, as Own Funds, the Notes shall rank subordinated and junior to unsubordinated unsecured creditors of the Issuer (including holders of senior notes and senior non-preferred notes (*strumenti di debito chirografario di secondo livello*)), *pari passu* among themselves and with the Issuer's obligations in respect of any other subordinated instruments which have ceased to qualify, in their entirety, as own funds items (*elementi di fondi propri*) 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 have so ceased to qualify, in their entirety, as Own Funds) and senior to own fund items (*elementi di fondi propri*).
- 2.4 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, provided that the first payment shall be made on 5 October 2022 in respect of the shorter period from (and including) the Issue Date to (but excluding) 5 October 2022.

#### 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 Fiscal 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 the Reset Date (the **Initial Period**) will be 7.625 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 Fiscal Agent will, as soon as reasonably practicable after 11:15 a.m. (Frankfurt time) on the day falling two TARGET2 Settlement Days prior to the Reset Date (the **Reset Rate of Interest Determination Date**), determine the Reset Rate of Interest.

### 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 Fiscal Agent, the Noteholders and the Couponholders in accordance with Condition 10 (*Notices*).

No consent of the Noteholders and/or the Couponholders 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 the Agency Agreement.

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 Fiscal Agent will cause the relevant Reset Rate of Interest to be notified to the Issuer, the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation 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 Fiscal Agent 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 Fiscal Agent or the Reset Reference Banks (or any of them), will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders and Couponholders and (in the absence of negligence, default or bad faith) no liability to the Issuer or the Noteholders or the Couponholders shall attach to the Fiscal Agent 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 this Condition:

**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 (a) 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 5 October in each year from (and including) 5 October 2022;

**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 5 July 2022;

**Margin** means 5.514 per cent.;

**Maturity Date** means 5 October 2032;

**Rate Event** means, in respect of the rate referred to in paragraph (i) 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 Fiscal Agent, any Paying 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, 7.625 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 Fiscal 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 5 October 2027;

**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 in its discretion after consultation with the Fiscal Agent;

**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 Fiscal 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 2.102 per cent.;

**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

**TARGET2 Settlement Day** means any day on which the Trans-European Automated Real- Time Gross Settlement Express Transfer (TARGET2) System is open.

## **4. PAYMENTS**

### **4.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **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 Missing Unmatured Coupons**

Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

### **4.4 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*).

### **4.5 Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 3 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

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

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, 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 that place.



## 4.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided

that:

- (a) there will at all times be a Fiscal Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be at least one Paying Agent (which may be the Fiscal Agent) having a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 10 (*Notices*).

## 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 5 October 2032.

### 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 the Fiscal 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 deliver to the Fiscal Agent to make available at its specified offices 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 days' notice to the Fiscal 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 any date falling in the period commencing on (and including) 5 July 2027 and ending on (and including) 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 sole 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 the Fiscal 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 Credem 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.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent to make available at its specified offices 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 Fiscal 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 and the Couponholders.

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 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 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 Credem 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 (as defined below) 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), provided that all unmatured Coupons appertaining to the Notes are purchased therewith. Such Notes may, subject to the approval of the Competent Authority (if so required by the Relevant Regulations), be held, reissued, resold or, at the option of the purchaser, surrendered to the Paying Agent for cancellation.

In this Condition:

**Subsidiary** means, in relation to any Person (the **first Person**) at any particular time, any other Person (the **second Person**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person; 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 Credem 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, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes. All Notes so redeemed and cancelled pursuant to this Condition, and the Notes purchased and cancelled pursuant to Condition 5.5 (*Purchases*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

## **5.7 Notices Final**

Upon the expiry of any notice as is referred to in paragraph 5.2, 5.3 or 5.4 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, 5.3, 5.4 or 5.5 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 to the extent, and in the manner, required by 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:
  - (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 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 for the time being.

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, 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.

## **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 and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons 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 or Coupon:

- (a) the holder of which is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Note or Coupon; 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) by a non Italian resident entity or individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities;
- (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; 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 or Coupon 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 Fiscal 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 and Coupons.

## **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 and Coupons will be prescribed and become void unless presented for payment within periods of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, 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 Fiscal Agent, effective upon the date of receipt thereof by the Fiscal 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. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **10. NOTICES**

### **10.1 Notices to the Noteholders**

All notices regarding the Notes will be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) and, so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market and the listing rules of Euronext Dublin so require, all notices to Noteholders shall be deemed to be duly given if they are filed with the Companies Announcement Office of Euronext Dublin. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given if published in a leading English language daily newspaper published in London, on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

### **10.2 Notices from the Noteholders**

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

## **11. MEETINGS OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE AND MODIFICATION**

### **11.1 Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their common interests, including, inter alia, the modification or abrogation by Extraordinary Resolution of any of these Conditions. Such provisions are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer from time to time and, where applicable Italian law so requires, the Issuer's bylaws, including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's bylaws) taking effect at any time on or after the Issue Date.

Subject to the above:

- (a) any such meeting may be convened by the Board of Directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened without delay upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;
- (b) if the Board of Directors or the Noteholders' Representative fails to convene such a meeting following such request, the meeting may be convened by a decision of the competent court upon request by such Noteholders;
- (c) every such meeting shall be held at such place as provided pursuant to Article 2363 of the Italian Civil Code;
- (d) such a meeting will be validly convened if:
  - (i) in the case of an initial meeting, there are one or more persons present being or representing Noteholders holding more than one half of the aggregate principal amount of the outstanding Notes; or
  - (ii) in the case of a meeting convened following adjournment of the initial meeting, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes; and

- (e) the majority required to pass an Extraordinary Resolution at a meeting convened to vote on an Extraordinary Resolution will be:
  - (i) for voting on any matter other than a Reserved Matter: (1) in the case of an initial meeting, one or more persons holding or representing more than one half of the aggregate principal amount of the outstanding Notes; and (2) in the case of a meeting convened following adjournment of the initial meeting, at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting; or
  - (ii) for voting on a Reserved Matter, the higher of (1) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes and (2) one or more persons holding or representing not less than two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting.

An Extraordinary Resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

**Extraordinary Resolution** has the meaning given to it in Schedule 3 of the Agency Agreement; and

**Reserved Matter** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution.

## 11.2 Noteholders' Representative

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or **Noteholders' Representative**) is appointed, inter alia, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

## 11.3 Modification

The Notes (including these Conditions) may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

## 12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders 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 Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement or the Notes and the Coupons 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 or Coupons (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 or Coupons 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.

In case of exercise of Bail-in Power the point of entry of the resolution is Credem.

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 Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or 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 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 clause.

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 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.

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

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

*Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this “Overview of Provisions relating to the Notes while in Global Form”.*

### **Temporary Global Note exchangeable for Permanent Global Note**

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg.

Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without Coupons, which will also be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (b) in either case, receipt by the Fiscal Agent of confirmation from the Clearing Systems that a certificate or certificates of non-U.S. beneficial ownership have been received,

within seven days of the bearer requesting such exchange.

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

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

Interests in the Permanent Global Note will be exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Definitive Notes, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so.

Interests in the Permanent Global Note will also become exchangeable, in whole but not in part only and at the request of the Issuer, for Definitive Notes if, by reason of any change in the laws of the Republic of Italy, the Issuer will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes are in definitive form.

Definitive Notes will bear serial numbers and have attached thereto at the time of their initial delivery Coupons.

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

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

The Terms and Conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the Terms and Conditions set out under “*Terms and Conditions of the Notes*” above.

The Terms and Conditions applicable to the Notes represented by one or more Global Notes will differ from those Terms and Conditions which would apply to the Notes were they in definitive form to the extent described in this “*Overview of Provisions relating to the Notes while in Global Form*”.

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

*Payments:* The holder of a Global Note shall be the only person entitled to receive payments in respect of the Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of the Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

*Notices:* Notwithstanding Condition 10 (*Notices*), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement in Condition 10 (*Notices*) for a notice to be published in a leading English language daily newspaper published in London shall not apply and notices to Noteholders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 10 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## **Legend concerning United States persons**

Permanent Global Notes, Definitive Notes and any Coupons appertaining thereto will bear a legend to the following effect:

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

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

## **Clearing Systems**

Any reference herein to Euroclear and/or Clearstream, Luxembourg, as the case may be, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent, the other Paying Agents and the Noteholders.

## USE OF PROCEEDS

An amount equal to the net proceeds of the issue of the Notes will be down-streamed by the Issuer to Credito Emiliano S.p.A. by subscribing a subordinated social bond which is intended to qualify on a standalone and consolidated basis of Credito Emiliano S.p.A. as Tier 2 capital for regulatory capital purposes. It is the intention of Credito Emiliano S.p.A. to apply such amount to finance and re-finance, in whole or in part, Eligible Social Assets (as defined below), in accordance with the Framework (as defined below).

In relation to any Eligible Social Assets, the Credem Group have made available on its website (<https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>) (i) its “Green, Social and Sustainability Bond Framework” (the **Framework**) as amended and supplement from time to time, which sets out the categories of Eligible Social Assets which have been identified by the Credem Group as part of priority activity sectors as defined within the Framework and (ii) a second party opinion assessing the alignment of the Framework with the International Capital Market Association Social Bond Principles (**SBP**) (the **Second Party Opinion**).

For the purpose of this provision:

**Eligible Social Assets** means projects identified as such in the Framework.

For the avoidance of doubt, neither the Framework nor the Second Party Opinion are, nor shall either of them be deemed to be, incorporated in, and/or form part of, these Listing Particulars.

## DESCRIPTION OF THE ISSUER

*The Issuer Annual 2021 Financial Statements and the Issuer 2020 Annual Financial Statements (together, the **Issuer Financial Statements**) have been prepared in compliance with the accounting principles (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission as provided for by Regulation (EC) No. 1606/2002 of 19 July 2002 (IFRS).*

*The English translation of the Issuer Financial Statements are incorporated by reference into these Listing Particulars.*

*The Issuer 2021 Annual Financial Statements include comparative figures showing, inter alia, income statement and balance sheet items as at and for the year ended 31 December 2020.*

*The Issuer 2021 Annual Financial Statements and the Issuer 2020 Annual Financial Statements have been audited by EY S.p.A. The English translation of the audit reports thereon, issued by EY S.p.A. are incorporated by reference into these Listing Particulars (see "Documents Incorporated by Reference").*

### Introduction and History

The Issuer was incorporated in Italy as a joint stock company (*società per azioni*) under the provisions of the Italian Civil Code on 5 May 1910 and is registered in the company register of Reggio Emilia under number 00168990356. Article 4 of the Issuer's bylaws provides for the duration of the Issuer until 31 December 2050. Its corporate objects, as set out in Article 3 of the bylaws, are to carry out, exclusively and not with respect to the public at large, financial activities, in particular the acquisition of equity in companies and/or entities already incorporated or in the process of being incorporated. Its registered office is at Via Emilia San Pietro, 4, 42121 Reggio Emilia, Italy, and its investor relations telephone number is + 39 0522 583076/583741.

On 1 January 1993, following the reorganisation of the regulation of credit institutions with the enactment of Legislative Decree No. 385 of 1 January 1993, the banking group "Credito Emiliano - CREDEM" was formally created. The Issuer is the financial non-operating holding company of Credito Emiliano S.p.A. (**Credem**), which is the parent company of the Credem banking group (the **Credem Group**). According to Directive 2002/87/EC, the Issuer is both a mixed financial holding company and the parent undertaking of a financial conglomerate comprising entities operating in both the banking and insurance sectors. The Issuer is not part of the Credem banking group. The main sources of operating funds for the Issuer are the dividends and distributions it receives from Credem and the amounts raised through the issuance of debt instruments.

In accordance with its bylaws, the Issuer cannot exercise direction and coordination functions over the Credem Group. The Issuer's direct subsidiary, Credem, is a separate and distinct legal entity, and has no obligation to pay any amounts due to holders of Notes or to provide the Issuer with funds to meet any of its payment obligations.

The Credem Group is one of the leading Italian private banking groups. The Credem Group is a medium-sized, multi-regional banking group, headquartered in Reggio Emilia in northern Italy. Having operated originally as a retail bank, the Credem Group now provides a full range of commercial and asset management services. An expansion plan commenced in the 1970s has given the Credem Group a national presence based on its local origins: it is now active throughout the whole of Italy whilst maintaining a strong presence in Emilia Romagna. As of 31 December 2021, the Credem Group comprised 18 companies operating in a wide range of financial activities, which includes the "Banking Group" perimeter. Credemvita (as defined below), a life insurance company, despite being fully owned by Credem and being consolidated line-by-line, is not included in the "Banking Group" perimeter. Furthermore, Credem also operates in "General Insurance" business through a 50% joint venture in CredemAssicurazioni, which is not part of the "Banking Group" perimeter.

As at 31 December 2021, the Credem Group had 454 branches operating across 19 regions of Italy.

During the 1990s, the Credem Group took over almost thirty small Italian banks, mainly located in the southern part of Italy. In 1994, the Credem Group acquired Euromobiliare S.p.A. (**Euromobiliare**), a banking group

active in investment banking and asset management, from HSBC. Euromobiliare merged with Credem in 1997 and since October 1997, Credem has been listed on the Italian Stock Exchange.

Furthermore, on 24 July 2021 Cassa di Risparmio di Cento merged into Credem, with economic and fiscal effects starting from 1 July 2021.

The following sections provide an illustration of: (i) selected financial information of the Issuer on unconsolidated basis, comprising financial information deriving from the unconsolidated financial statements of the Issuer as at 31 December 2021 and 31 December 2020; and (ii) selected financial information of the Issuer on consolidated basis, comprising financial information deriving from the consolidated financial statements of the Issuer as at 31 December 2021 and 31 December 2020.

The following sections also provide a description of the business of the Issuer and its consolidated subsidiaries (together, the **Accounting Group**). However, investors should note that the Issuer's business is that of a financial non-operating holding company and the main sources of operating funds for the Issuer are the dividends and distributions it receives from Credem and the amounts raised through the issuance of debt instruments. The Issuer is not part of the Credem Group and, in accordance with its bylaws, the Issuer cannot exercise direction and coordination functions over the Credem Group. Banking, financial or insurance activities mentioned herein are carried out by certain subsidiaries comprising the Accounting Group, but not the Issuer. The Accounting Group is created for accounting consolidation purposes only and does not constitute an integrated business group.

### Separate Financial Highlights of the Issuer (on unconsolidated basis)

The following table shows selected financial information (on unconsolidated basis) as at 31 December 2021 and 31 December 2020:

€ millions	31 December	
	2021	2020
Total assets	998.4	986.1
Total liabilities	220.5	226.4
Shareholders' equity	777.9	759.8
<b>Profit (loss)</b>	<b>50.4</b>	<b>(0.0)</b>

### Total Assets of the Issuer

The table below sets forth part of the composition of the separate total assets of the Issuer as at 31 December 2021 and 31 December 2020:

€ millions	31 December	
	2021	2020
Cash and equivalents	4.5	4.5
Financial assets designated at fair value	42.1	40.8
Financial assets measured at amortised cost	199.7	199.7
Equity investments	731.6	712.4
Tax Assets	0.1	21.6
Other assets	20.3	7.1
<b>Total assets</b>	<b>998.4</b>	<b>986.1</b>

### *Bonds and Securities Portfolio*

As of 31 December 2021 the value of the Issuer's bond and securities portfolio was € 241,838 thousand, compared to € 240,471 thousand as at 31 December 2020.

The following table provides a breakdown of the separate Issuer's bond and securities portfolio by book value as at the dates indicated:

<i>€ thousands</i>	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
Debt securities	199,727	199,679
Equities securities	0	0
Units of UCITS	42,111	40,792
Derivatives instruments	0	0
<b>Total bond and securities portfolio</b>	<b>241,838</b>	<b>240,471</b>

### ***Cash & Cash and equivalents***

At solo level, Cash & cash and equivalents totalled € 4,535 million as at 31 December 2021, compared to € 4,473 million as at 31 December 2020, broken down by type as set out in the table below:

<i>€ thousands</i>	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
Cash	0	0
Current accounts and demand deposits with central banks	0	0
Bank accounts and demand deposits	4,535	4,473
<b>Total</b>	<b>4,535</b>	<b>4,473</b>

### ***Equity Investments***

Equity Investments totalled € 731.6 million as at 31 December 2021, compared to € 712.4 million as at 31 December 2020.

The following table provides a breakdown of the Issuer's equity investments by book value as at the dates indicated:

<i>€ millions</i>	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
Credito Emiliano S.p.A.	731.6	712.4
<b>Total</b>	<b>731.6</b>	<b>712.4</b>

The Issuer held 77.5% per cent. of Credem as at 31 December 2021. The carrying value as at 31 December 2021 was 2.76 euro per share.

### **Total Liabilities of the Issuer**

The table below sets forth the composition of total liabilities of the Issuer (on unconsolidated basis) as at 31 December 2021 and 31 December 2020:

<b>31 December</b>
--------------------



<i>€ millions</i>	<b>2021</b>	<b>2020</b>
Debt Securities	199.7	199.7
Tax liabilities	13.9	0
of which current	13.9	0
of which deferred	0	0
Other liabilities	6.8	26.7
<b>Total liabilities</b>	<b>220.5</b>	<b>226.4</b>

## Website

The Issuer's website is [www.credemholding.it](http://www.credemholding.it). The information on the website does not form part of these Listing Particulars unless information contained therein is incorporated by reference into these Listing Particulars.

## Issuer's Rating

The credit rating assigned to the Issuer is:

- Local and foreign currency long term issuer rating: Ba1 (Moody's).

## LEI

The Legal Entity Identifier (LEI) of the Issuer is 815600AD83B2B6317788.

## Principal Markets

The Issuer is the financial holding company of the Accounting Group and the main sources of operating funds for the Issuer are the dividends, distributions, interest payments and any advances it receives from its operating subsidiaries and the amounts raised through the issuance of debt instruments.

The core business of Accounting Group focuses on commercial banking and wealth management. Commercial banking relates to the distribution of financial products and the provision of services to the Accounting Group's retail and corporate customers, with the wealth management focusing on the management of mutual investment funds, SICAV investment funds, asset management, and private equity. Credem is active in all areas of domestic retail and commercial banking and also operates, through its subsidiaries, in mutual fund management, leasing, factoring and insurance.

## Business Overview

As at 31 December 2021, the Accounting Group's operating income was € 1,337.7 million (as disclosed in its consolidated income statement).

The Accounting Group's principal activities are: commercial banking and wealth management.

## Commercial Banking

Commercial banking activities are conducted by Credem and some other subsidiaries within the Accounting Group: Credemleasing S.p.A. (**Credemleasing**), Credemfactor S.p.A. (**Credemfactor**), Avvera S.p.A. (**Avvera**), Banca Euromobiliare S.p.A. (**Banca Euromobiliare**). As at 31 December 2021, Credem contributed € 194.3 million (or 55.5 %) to the Accounting Group's net profit, compared to € 97.3 million (or 48.2%) as at 31 December 2020.

## Wealth Management

Asset management activities of the Accounting Group are organised through Euromobiliare Asset Management SGR S.p.A. (**Euromobiliare Asset Management**), Credem Private Equity SGR S.p.A. (**Credem Private Equity**), Euromobiliare Advisory SIM (Investment Firm) and Credemvita S.p.A. (**Credemvita**). As at 31 December 2021, the Accounting Group had € 43,960 million in customer assets under management and insurance reserves, € 8,665 million of which was in insurance reserves, managed through Credemvita.

### Financial Highlights of the Accounting Group (on consolidated basis)

The following table shows consolidated selected financial information as at 31 December 2021 and 31 December 2020:

<i>€ millions</i>	31 December	
	2021	2020
Total assets	67,643.8	56,717.8
Total liabilities	64,891.3	54,183.3
Accounting Group shareholders' Equity	2,752.4	2,534.5
<b>Profit (loss)</b>	<b>349.7</b>	<b>201,9</b>
<b>Parent Company's profit (loss)</b>	<b>270.4</b>	<b>158.6</b>

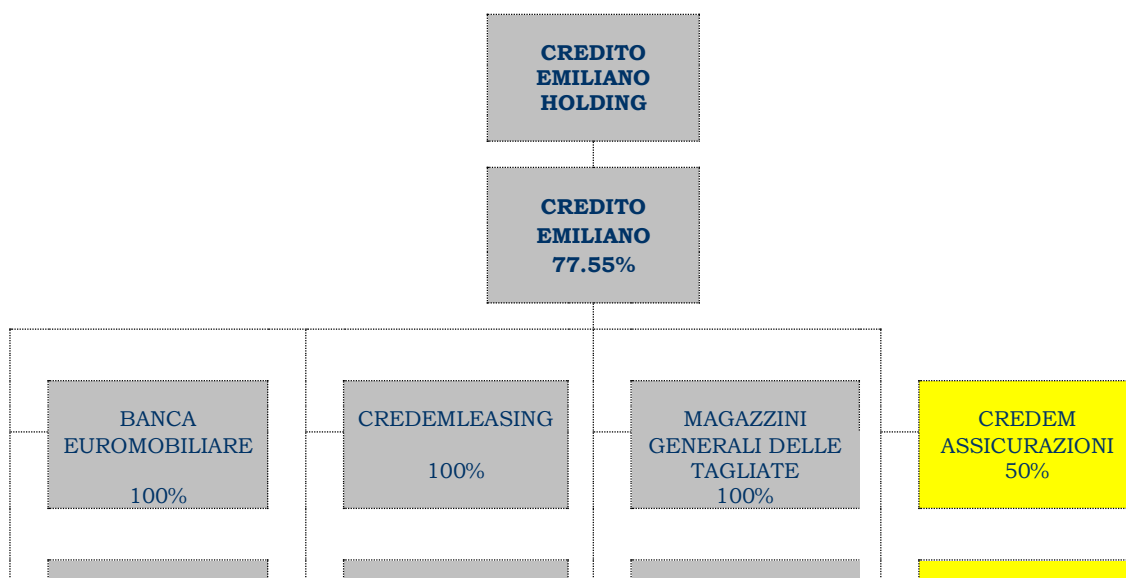
### Share Capital of the Issuer

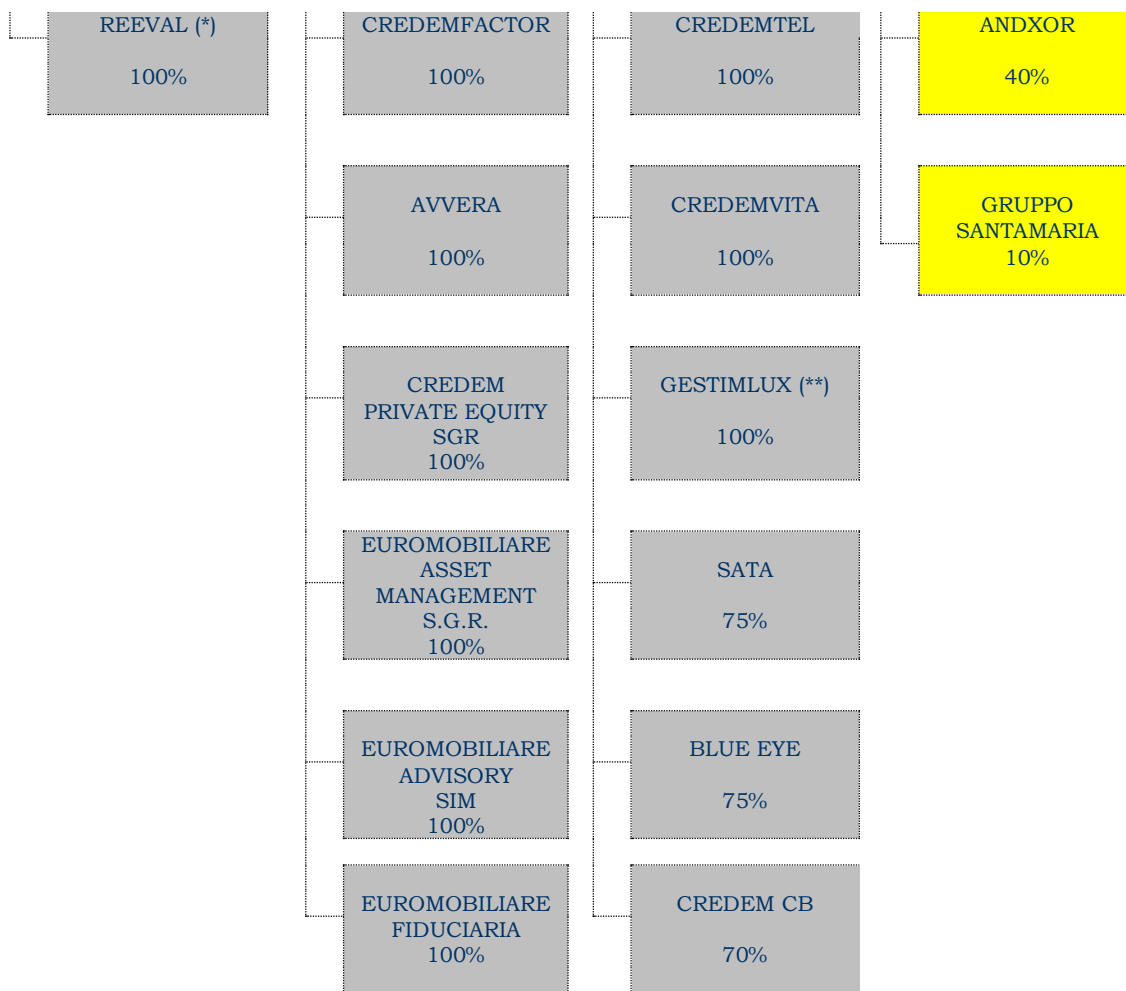
As of 31 December 2021, the authorised share capital of the Issuer was €49,436,553 and the issued share capital was €49,436,553, divided into 16,478,851 ordinary shares with a nominal value of €3.00 each. As at the same date, the share capital was fully paid-up.

### Organisational structure of the Accounting Group

The following diagram shows the organisation of the Accounting Group as of 31 December 2021.

## SCOPE OF CONSOLIDATION





Notes:

the percentages refer to directly or indirectly exercisable voting rights

the highlighted equity investments are valued under the equity method

(\*) the company Reeval is an equity investment acquired following the merger of Cassa di Risparmio di Cento into Credito Emiliano and has been classified as "Non-current assets and groups of assets held for sale and discontinued operations" since it is in voluntary liquidation.

(\*\*) company held for sale

#### Equity investments in subsidiaries and associated companies (consolidated under the equity method)

Company Names	Registered Office	Type of relationship	Shareholding Ratio		Voting Rights %
			Investing Company	%	
A. Companies					
A. 1 Consolidated line-by-line					
1. Credito Emiliano S.p.A.	Reggio Emilia	1	Credito Emiliano Holding	77.55%	
2. Credemleasing S.p.A.	Reggio Emilia	1	Credito Emiliano Magazzini Generali delle Tagliate	99.90% 0.10%	
3. Credemfactor S.p.A.	Reggio Emilia	1	Credito Emiliano Credemleasing	99.00% 1.00%	

4. Credem Private Equity SGR S.p.A.	Reggio Emilia	1	Credito Emiliano	87.50%
			Banca Euromobiliare	12.50%
5. Euromobiliare Asset Management SGR S.p.A.	Milan	1	Credito Emiliano	100.00%
6. Euromobiliare Advisory SIM S.p.A.	Milan	1	Credito Emiliano	100.00%
7. Credemtel S.p.A.	Reggio Emilia	1	Credito Emiliano	100.00%
8. Avvera S.p.A.	Reggio Emilia	1	Credito Emiliano	100.00%
9. Magazzini Generali delle Tagliate S.p.A.	Reggio Emilia	1	Credito Emiliano	100.00%
10. Banca Euromobiliare S.p.A.	Milan	1	Credito Emiliano	100.00%
11. Euromobiliare Fiduciaria S.p.A.	Milan	1	Credito Emiliano	100.00%
12. Credemvita S.p.A.	Reggio Emilia	1	Credito Emiliano	100.00%
13. Gestimlux S.a.r.l.	Luxembourg	1	Credito Emiliano	100.00%
14. Reeval S.r.l.	Cento	1	Credito Emiliano	100.00%
15. Sata S.r.l.	Modena	1	Credemtel	75.00%
16. Blue Eye Solutions S.r.l.	Montechiarugolo	3	Credemtel	75.00%
17. Credem CB S.r.l.	Conegliano	1	Credito Emiliano	70.00%
A. 2 Consolidated using the equity method				
1. Credemassicurazioni S.p.A.	Reggio Emilia	2	Credito Emiliano	50.00%
2. Andxor S.r.l.	Cinisello Balsamo	3	Credemtel	40.00%
3. Gruppo Santamaria S.p.A.	Catania	3	Avvera	10.00%

## Strategy of the Accounting Group

The Accounting Group's strategy focuses on value creation, and has been developed over time through different phases, beginning in 1990, as demonstrated further below.

- *1990–1999: External growth* - through the acquisition of more than 30 small banks and Euromobiliare Group from Midland Bank.
- *2000–2003: Internal growth* - through divisionalisation, the opening of new branches and the creation of corporate centres, achieving sizeable market share increases.
- *2004–2006: Focus on profitability* - by capitalising on the recent expansion of the Accounting Group and continuing to develop market share.
- *2006-2008: Focus on profitability* - strengthening the role of the core businesses and maintaining volume increases above market average.
- *2009-2012: Facing the global crisis* – lowering the Accounting Group's risk profile both in terms of market and credit risks while increasing the Accounting Group's focus on its commercial banking business, capital ratios soundness and organisation efficiency.
- *2013 - ongoing: Taking advantage of a restructuring banking system while facing regulatory changes* – achieving a sizeable market share increase, both on lending and on direct and indirect deposits, investing in new technologies and commercial network while banking system still faces the consequences of a multi-years economic recession. In the meantime, the Accounting Group has implemented strategies, processes and mechanisms necessary to address the changing regulatory framework and increasing capital requirements, and to benefit from a wealth of external endorsements, opinions and provisions that further improved the Accounting Group's reputation in terms of security, reliability and solidity as regards its customers, the market and other stakeholders.

## DISTRIBUTION CHANNELS AND RESOURCES

As at 31 December 2021, the Accounting Group's distribution network consisted of 454 branches, 37 corporate centres, 58 small business centres and 76 financial outlets, with 834 financial advisors, 239 agents of Avvera and 348 agents with Credem exclusive mandate for "salary backed loans" (*agenti cessione quinto*). The following table shows the distribution network of the Accounting Group as at the dates indicated.

Distribution Structure	31 December 2021	31 December 2020
Credembanca	434	410
Banca Euromobiliare	20	20
<b>Branches</b>	<b>454</b>	<b>430</b>
<b>Corporate Centres</b>	<b>37</b>	<b>37</b>
<b>Small Business Centres</b>	<b>58</b>	<b>57</b>
<b>Financial Outlets</b>	<b>76</b>	<b>76</b>

### Employees

The Accounting Group had 6,608 employees as at 31 December 2021, compared to 6,234 employees as at 31 December 2020.

### Commercial Banking

#### *Funding Activities*

The Accounting Group's total funding activities amounted to € 57,274.1 million as at 31 December 2021.

The table below sets forth the composition of the consolidated funding activities of the Accounting Group as at 31 December 2021 and 31 December 2020:

€ millions	31 December	
	2021	2020
Deposits from banks	12,585.6	8,009.5
Due to customers	37,715.2	33,080.0
Debt securities issued	2,533.3	2,606.7
Financial liabilities held for trading	33.1	18.3
Financial liabilities valued at fair value	4,407.0	3,698.4
<b>Total funding activities</b>	<b>57,274.1</b>	<b>47,412.9</b>

#### *Interbank Deposits*

As at 31 December 2021, 21 per cent. of the Accounting Group's funding activities was represented by deposits from Italian and foreign banks. Total interbank deposits totalled €12,585,576 thousand as of 31 December 2021.

A breakdown of interbank deposits as at 31 December 2021 and 31 December 2020 is provided in the table below:

	<b>31 December</b>	
<i>€ thousands</i>	<b>2021</b>	<b>2020</b>
<b>Deposits from central banks</b>	<b>8,164,752</b>	<b>7,100,000</b>
<b>Deposits from banks</b>	<b>4,420,824</b>	<b>909,508</b>
- current accounts and demand deposits	149,425	77,162
- time deposits	4,010	6,085
- loans	4,265,960	826,028
- other liabilities	1,429	233
<b>Total</b>	<b>12,585,576</b>	<b>8,009,508</b>

### *Customer Deposits*

The Accounting Group offers its retail and corporate customers a wide range of deposit products, including savings accounts, current accounts, bonds and time deposits. As at 31 December 2021, banking direct deposits (including repurchase agreements) amounted to € 37,104 million. As at 31 December 2021, 90.7 per cent. of banking direct deposits were represented by current and savings accounts. Customer deposits are collected through the Accounting Group's branch network and through relationship management with corporate clients.

The table below provides a breakdown of customer deposits as at 31 December 2021 and 2020:

	<b>31 December</b>	
<i>€ millions</i>	<b>2021</b>	<b>2020</b>
Current & savings accounts(*)	33,636	30,317
Other	932	495
<b>Deposits</b>	<b>34,568</b>	<b>30,812</b>
Bonds and subordinated debt	2,536	2,609
<b>Direct deposits excluding repurchase agreements</b>	<b>37,104</b>	<b>33,421</b>
Repurchase agreements(*)	-	-
<b>Banking direct deposits(**)</b>	<b>37,104</b>	<b>33,421</b>
<b>Insurance reserves(**)</b>	<b>8,665</b>	<b>7,807</b>
<b>Indirect deposits at countervalue</b>	<b>59,094</b>	<b>50,789</b>
<b>Total Deposits</b>	<b>104,863</b>	<b>92,017</b>

(\*)The item does not include loans stipulated in the form of repurchase agreements with the clearing house and guarantee fund.

(\*\*) "Banking direct deposits" include the contribution of the companies belonging to the Accounting Group, while "insurance reserves" include Credemvita insurance reserves and financial liabilities designated at fair value.

The table below provides a breakdown of indirect deposits as at 31 December 2021 and 31 December 2020:

	<b>31 December</b>	
<i>€ millions</i>	<b>2021</b>	<b>2020</b>

<b>Indirect deposits at countervalue</b>	<b>59,094</b>	<b>50,789</b>
- of which assets under management	35,295	29,902
- of which assets under custody	23,799	20,887

### ***Subordinated Notes***

As at 31 December 2021, subordinated notes, in nominal values, of the Accounting Group totalled € 407,500 thousands (a 10.9 per cent. decrease compared to € 457,500 thousands as of 31 December 2020), as set out in the table below:

	<b>31 December</b>	
<i>€ thousands</i>	<b>2021</b>	<b>2020</b>
Subordinated Notes ( <i>nominal values</i> )	407,500	457,500

### ***Bonds and Securities Portfolio***

As of 31 December 2021 the value of the Accounting Group's bond and securities portfolio was €23,258,855 thousand, compared to €17,221,233 thousand as at 31 December 2020.

The following table provides a breakdown of the Accounting Group's bond and securities portfolio by book value as at the dates indicated:

	<b>31 December</b>	
<i>€ thousands</i>	<b>2021</b>	<b>2020</b>
Debt securities(*)	18,116,203	12,794,657
Equities securities	198,324	168,309
Units of UCITS	4,693,095	3,965,652
Derivatives instruments	251,233	292,615
<b>Total bond and securities portfolio</b>	<b>23,258,855</b>	<b>17,221,233</b>

(\*) Figures include loans measured at fair value as per mandatory requirements (that as of 31 December 2021 equalled €14,617 thousands), debt securities measured at amortized cost accounted under loans to customers and loans to banks, (that as of 31 December 2021 equalled €7,033,022 thousands and €544,250 thousands, respectively) and loans to banks and loans to customers pertaining to insurance companies measured at amortized cost pursuant to IAS 39 (that as of 31 December 2021 equalled €0 and €1,106 thousands, respectively).

As at 31 December 2021, the composition of the Accounting Group's securities portfolio was as follows (as compared with the Accounting Group's portfolio composition as at 31 December 2020).

<i>€ thousands</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Debt securities</b>	<b>18,116,203</b>	<b>12,794,658</b>
• Level 1	18,089,381	12,742,919
• Level 2	9,061	27,830
• Level 3	17,761	23,909

<i>€ thousands</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Equity securities</b>	<b>198,324</b>	168,308
• Level 1	162,146	145,472
• Level 2	2,998	6,246
• Level 3	33,180	16,590
<b>Units of UCITS</b>	<b>4,693,095</b>	3,965,652
• Level 1	4,351,003	3,744,895
• Level 2	160,091	107,289
• Level 3	182,001	113,468
<b>Derivatives instruments</b>	<b>251,233</b>	292,615
• Level 1	1,191	697
• Level 2	249,779	291,635
• Level 3	263	283
<b>Total bond and securities portfolio*</b>	<b>23,258,855</b>	<b>17,221,233</b>

(\*) Figures include loans measured at fair value as per mandatory requirements (that as of 31 December 2021 equalled €14,617 thousands) and loans to banks and loans to customers pertaining to insurance companies measured at amortized cost pursuant to IAS 39 (that as of 31 December 2021 equalled €0 and €1,106 thousands, respectively). Debt securities measured at amortized cost accounted under loans to customers and loans to banks, and financial assets pertaining to insurance companies measured at amortized cost pursuant to IAS 39 have all been included in the Level 1 without considering their fair value (that as of 31 December 2021 equalled €7,577,272 thousands and €1,688,198 respectively).

IFRS 7 requires financial instruments to be measured at fair value. The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair value, in particular:

- Level 1: the fair value of financial instruments is calculated on the basis of listed prices observable on active markets (not adjusted) that may be accessed on the valuation date;
- Level 2: the fair value of financial instruments is calculated on the basis of inputs other than the listed prices included in Level 1 directly or indirectly observable for the asset or liability, also using valuation techniques;
- Level 3: the fair value of financial instruments is calculated on the basis of non-observable inputs for the asset or liability, also using valuation techniques that cannot be observed in the market.
- IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the main market (or more advantageous) at the measurement date under current market conditions (namely an exit price), regardless of the fact that said price can be directly observed or that it is estimated using a different valuation technique.

### ***Lending Activities***

The Accounting Group, through Credem and its banking subsidiaries, conducts activities in the corporate and retail lending sectors in Italy. As at 31 December 2021, consolidated total loans amounted to €49,137 million, of which € 33,156 million represented net loans to customers and repurchase agreements, €7,577 million of debt securities (at amortized cost), and €8,405 million represented loans to banks.

The following table sets out the consolidated value of loans to non-bank customers for the periods indicated:



<i>€ millions</i>	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
Loans to customers net of repurchase agreements	33,156	29,299
Repurchase agreements(*)	0	0
<b>Total</b>	<b>33,156</b>	<b>29,299</b>

(\*) the item does not include loans stipulated in the form of repurchase agreements with the clearing house and guarantee fund.

The most significant customer segments for the Accounting Group was lending to households and small businesses. A breakdown of loans to customers by type of borrower (according to the Bank of Italy classifications) as at 31 December 2021 and 2020 is provided below:

	<b>31 December</b>			
	<b>2021</b>		<b>2020</b>	
	<i>€ millions</i>	<i>%</i>	<i>€ millions</i>	<i>%</i>
Governments and other public entities	647.8	2.0	303.6	1.0
Financial companies	731.5	2.2	712.8	2.4
Non financial companies	16,726.1	50.4	15,133.5	51.7
Others	15,050.1	45.4	13,148.8	44.9
<b>Total</b>	<b>33,155.6</b>	<b>100</b>	<b>29,298.8</b>	<b>100</b>

A breakdown of customer loans by instrument, as at 31 December 2021 and 31 December 2020 is set out below:

	<b>31 December</b>			
	<b>2021</b>		<b>2020</b>	
	<i>€ millions</i>	<i>%</i>	<i>€ millions</i>	<i>%</i>
Current accounts	1,694	5.1	1,519	5.2
Repurchase agreements (*)	-	-	-	-
Mortgages	19,478	58.75	16,666	56.9
Credit cards and personal loans (incl. salary-backed loans)	2,213	6.67	1,823	6.2
Financial leasing	2,757	8.31	2,536	8.7
Factoring	1,282	3.87	1,123	3.8
Other loans	5,352	16.14	5,211	17.8
Impaired assets	381	1.15	421	1.4
<b>Total</b>	<b>33,156</b>	<b>100</b>	<b>29,299</b>	<b>100</b>

(\*) the item does not include loans stipulated in the form of repurchase agreements with the clearing house and guarantee fund.

## Non Performing Loans

The following table sets out a breakdown of non-performing loans to customers and provisions as at and for the period ended 31 December 2021:

<i>€/millions</i>	<b>Gross exposure</b>	<b>Specific value adjustments</b>	<b>Net exposure</b>
Non Performing loans:			
Bad loans	398.0	296.1	101.9
Unlikely to pay loans	378.1	136.1	242.1
Past-due loans	43.0	8.1	34.9
<b>Total Non-Performing loans</b>	<b>819.0</b>	<b>440.2</b>	<b>378.8</b>

Bad loans represent exposure towards customers in a state of insolvency, where legal or other actions have been taken with the aim to recover the amounts outstanding. Unlikely to pay are loans due from the customers facing temporary difficulties. Past-due loans include the loans on which the payment of interest is overdue by more than 90 days.

The relative trend of impaired loans relating to the Accounting Group is illustrated in the following table:

	<b>31 December</b>	
<i>€ millions (except percentages)</i>	<b>2021</b>	<b>2020</b>
<b>Net Bad loans/net loans to customers (%)</b>		
Accounting Group	0.3	0.4
Industry(*)	1.0	1.4
<b>Provisions for losses (Bad Loans coverage) (%)</b>		
Accounting Group	74.4	71.8
<b>Gross exposures</b>		
Bad loans	398	445
Unlikely to pay loans	378	378
Past-due loans	43	53
<b>Total Non Performing loans</b>	<b>819</b>	<b>876</b>
<b>Specific write-downs</b>	<b>440</b>	<b>456</b>
<b>Net exposures</b>		
Bad loans	102	126
Unlikely to pay loans	242	253
Past-due loans	35	43
<b>Total net exposures</b>	<b>379</b>	<b>421</b>

(\*)Industry figures are taken from the monthly publication “*Banche e moneta: serie nazionali*” of the Bank of Italy. Reference dates: 31 December 2021 and 31 December 2020 respectively.

## Loans to banks

Loans to banks totalled €8,404,637 million as at 31 December 2021, compared to € 7,961,428 as at 31 December 2020, broken down by facility type as set out in the table below:

	<b>31 December</b>	
<i>€ thousands</i>	<b>2021</b>	<b>2020</b>
<b>Loans to central banks</b>	<b>7,720,849</b>	<b>7,579,190</b>
Time deposits	-	411
Compulsory reserves	7,720,849	7,578,779
Repurchase agreements	-	-
Others	-	-
<b>Loans to banks</b>	<b>683,788</b>	<b>382,238</b>
Current accounts and demand deposits	-	91,236
Time Deposit	-	0
Other loans	683,788	291,002
<b>Total</b>	<b>8,404,637</b>	<b>7,961,428</b>

### **Leasing and Factoring**

Credemleasing has been operating in the leasing market since 1980. The company operates through branches located in Emilia Romagna, Lombardy, Veneto, Piedmont, Tuscany, Lazio, Campania, Puglia, Calabria and Sicily, and has set-up a series of sub-branches in certain offices of the Issuer and the other banks in the Accounting Group throughout other regions of Italy. It is active in all areas of financial leasing: vehicles, plant and machinery, real estate and shipping. As at the date of these Listing Particulars, Credemleasing is among the leading leasing companies operating in Italy (*Source: ASSILEA- Associazione Italiana Leasing*, of which Credemleasing is one of the founding partners).

As at 31 December 2021, Credemleasing signed 5,273 contracts with customers (compared to 3,750 as at 31 December 2020) for a total value of €1,015.2 million, of which € 272 million were represented by real estate leasing (compared to € 800.8 million as at 31 December 2020). Total leasing receivables as at 31 December 2021 amounted to € 3,031 million, compared to € 2,838 million as at 31 December 2020.

Factoring activities within the Accounting Group are performed through Credemfactor. Credemfactor was established in 1986 and is based in Reggio Emilia, with branches in Milan, Brescia, Lecco, Padua, Turin, Bologna, Modena, Prato, Pisa, Rome, Latina, Naples, Barletta, Catania, and trading points at offices of other banks of the Accounting Group throughout Italy. As at and for the year ended 31 December 2021, the company's net profit amounted to € 8,100 thousand, compared to € 4,600 thousand as at and for the previous year ended 31 December 2020.

### **Wealth Management**

As at 31 December 2021, total asset under management amounted to € 35,337 million of which mutual funds and SICAVs amounted to € 15,129.

The wealth management business is operated through Euromobiliare Asset Management, Credem International Lux, Credem Private Equity, Euromobiliare Advisory SIM and Credemvita.

### **Other Services**

Credemtel S.p.A. offers technical support to the interbank corporate banking services division.

Magazzini Generali delle Tagliate S.p.A. is based in Reggio Emilia and offers warehousing and maturing services for cheeses. Net profit as at and for the year ended 31 December 2021 amounted to €800 thousand, compared to € 4,146 thousand as at and for the previous year ended 31 December 2020.

## Risk Management and Internal Controls

### Risk Management

The Accounting Group has always considered high quality risk management to be a fundamental element and a strategic objective, in order to ensure the safeguarding of its assets, maximum effectiveness and efficiency of the value creation process, integrate decision making and operational management of different business areas with a multidimensional risk-earnings assessment and to ensure consistency of operational processes with strategies, policies and internal regulations of the Accounting Group.

Risk management for the Accounting Group is performed by means of an integrated department which processes information regarding customers and the market. The Accounting Group's risk management policy is based on a stringent control of financial risks. Risk management procedures are developed and monitored by a department which is external to the Finance Area. The rules relating to the Accounting Group's financial risks require regular reporting and supply of other information to the Credem's senior management, committees and board of directors. Risk management and monitoring activity is undertaken by screen-based and electronic systems, which allow a real-time updating of the Accounting Group's positions. The risk management system is based on sensitivities to the key's risk factors, market value limits and Value At Risk (**VaR**) measures. An asset and liability committee, which meets on a quarterly basis, monitors the Accounting Group's overall trend and exposure to financial risks. Derivative products are used principally for hedging purposes, or for trading with the customer base.

In relation to the control of market risks, the Accounting Group's risk management policy focuses principally on Credem, which constitutes the most of the exposure to a market risks.

The table below sets out Credem average market risk for trading book, calculated using VAR methodology (using confidence intervals of 99 per cent., 10-day intervals and multiplying coefficient equal to 3) as at the dates indicated. For banking book is reported the Economic Value Sensitivity (Group level) to a shock of  $\pm 200$  bps in interest rates.

		31 December 2021		31 December 2020	
		Avg.	Max.	Avg.	Max.
<b>Trading book</b>	<b>VaR Credem</b> (€ mln)	4.0	14.2	2.9	7.6
<b>Banking Book</b>	<b>Economic Value Sens</b> <b>200bps (on Own Funds)</b>	2.4%	5.4%	1.9%	4.1%

The Net Interest Income Sensitivity of the banking book (Group level) on December 2021 is reported in the following table:

		31 December 2021	
€ millions		- 100 bps	+100 bps
<b>NII Sensitivity</b>		-53.0	+60.7

The main objectives of the Accounting Group's credit policy are to increase customer loans whilst maintaining a high credit quality and avoiding impaired loans.

The Accounting Group targets small-to-medium-sized companies, offering itself as a strategic, and not merely a financial, partner. The main basis for granting credit lines is the borrowing companies' ability to generate income and cash flow.

The Accounting Group's credit risk management remains centralised, and is based on a separation of the roles of the credit proposer/customer relations officer and that of the credit approval officer.

A Central Credit Analysis Department, created to ensure separation of roles, approves the majority of the Accounting Group's loans. Thus the branches to which the role of proposing and managing the loans is delegated decide only a limited portion of the Accounting Group's loans.

The customer relationship officer is responsible for gathering all necessary information regarding the customer to enable an analysis of its current and prospective credit-worthiness. The responsibility of the deliberating officer or body is to evaluate customer's credit-worthiness and thus to establish the appropriateness of the proposal. Particular care is taken in the analysis of credit requests relating to the construction and property sector and aimed at financing companies in general, as well as medium-long-term financing and participations in syndicated loans.

The decision making process is as follows:

- (a) information gathering;
- (b) analysis of the information (balance sheet, budget, statistic data and sector analysis);
- (c) granting of an internal rating (this is a synthetic indicator of the client's risk level); and
- (d) definition of the amount and of the structure of credit lines and securities.

The number of officers involved in the credit decision process depends on the size of the credit being extended, according to an internal procedure that confers increasing powers of approval to officers at different levels of management.

Maximum potential credit limits for each customer are defined by the Bank of Italy regulations.

On 2 October 2015, the Bank of Italy authorised the Accounting Group to use (as of 30 September 2015) the IRB (Internal Ratings-Based Approach) Advanced method (PD, LGD, EAD) for the quantification of the capital requirements against customer credit risk under the corporate and retail portfolios of the Accounting Group. The authorisation marked the completion of a roll-out plan the implementation of which started in June 2008 with the authorisation to use the IRB Foundation method for the corporate customers of the Accounting Group. On 8 January 2021, ECB revoked the permission of the permanent partial use of the Standardised Approach for Equity exposure class and these exposures are now treated with the simple risk weight approach under the internal model approach.

As part of its credit policy the Issuer accepts guarantees (personal and State) and pledged assets as collateral.

## Capital Adequacy

The Bank of Italy has adopted risk-based capital ratios (**Capital Ratios**) pursuant to the European Community (EC) capital adequacy directives. Italy's current capital requirements are, in many respects, similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. The Capital Ratios, revised after numerous innovations introduced by new Basel III regulations in force from 1 January 2014, compare capital requirements to face banks' assets and certain off-balance sheet items, weighted according to risks (**RWA**).

The Issuer calculates and reports its Capital Ratios on a consolidated basis. In December 2016, the Issuer received notification of the ECB's final decision concerning the capital requirement it had to meet on a consolidated basis as of 1 January 2017. On 6 October 2017, the Accounting Group was identified as a "financial conglomerate" by the ECB under Directive 2002/87/EC. Subsequently, on 1 March 2018, the ECB authorized Credem not to deduct its 100% stake in Credemvita S.p.A. from the calculation of the Accounting

Group's Capital ratios, pursuant to Article 49 of the CRR Regulation. Such authorization was applied starting from the FY17 capital ratios.

The overall 2021 capital requirements that the Issuer has to meet in terms of Common Equity Tier 1 is 7.0%, in terms of Tier 1 Ratio it is 8.5% and in terms of Total Capital Ratio it is 10.5%. These thresholds do not include the additional requirement set by the Supervisory Authority for the Accounting Group, equal to 1.0% (the lowest among the Italian banking groups directly supervised by the ECB without considering "capital relief" measures).

The table below sets forth the own funds and capital adequacy ratios of the Accounting Group as at 31 December 2021 and 31 December 2020, in accordance with the relevant regulations.

#### **The Issuer Capital Requirements (Prudential Perimeter)**

<i>(€ millions)</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total own funds	2,993	2,746
- of which Common Equity Tier 1	2,591	2,340
- of which Tier 1 Capital	2,654	2,393
Capital absorption relative to the following risks:		
- credit and counterparty risk	1,340	1,184
- market risk	20	18
- operational risk	153	136
<b>Total Capital Requirement</b>	<b>1,513</b>	<b>1,337</b>
<i>(%)</i>		
CET capital ratio <sup>(*)</sup>	13.7	13.5
Tier 1 capital ratio	14.0	13.9
Total capital ratio	15.8	15.5
<b>Minimum supervisory requirements<sup>(**)</sup></b>	<b>SREP 2021</b>	
CET 1 capital ratio	7.0	
Tier 1 capital ratio	8.5	
Total capital ratio	10.5	

(\*) if CET1<TIER1; CET1=T1

(\*\*) including the “capital conservation buffer”, not including the Pillar 2 Requirement, assigned by the ECB in the annual SREP decision, that for 2021 is 1.000%

### Alternative Performance Measures

These Listing Particulars contain, or incorporate by reference, alternative performance indicators and certain financial measures and that the Issuer considers to constitute alternative performance measures (together **APMs**) for the purposes of the ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures (the APM Guidelines). These APMs are used in order to help the assessment of the quality and sustainability of the net result of the Accounting Group in the various business segments and territorial areas. Investors should view the APMs as complementary to, and not a substitute for, the figures determined according to IFRS.

The Issuer considers the following financial measures to constitute APMs:

<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
Asset Under Management	38	<p>The total market value of assets that an investment company or financial institution manages on behalf of the Group's clientele and which generate asset management fees based on a percentage of the assets' market value. AUM reflects assets that are generally managed for institutional, high net-worth and retail clients and are distributed through various investment products including mutual funds, other commingled vehicles and separate accounts.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The value of Asset Under Management as at the end of December 2021 was € 35,295 million calculated as the sum of the amount pertaining to the following products as on page 38 of the Credemholding 2021 Consolidated Financial Statements: portfolio management (€6,687 million), mutual investment funds (€10,655 million), SICAV (€4,348 million) and other third party products (€13,605 million).</p> <p>The value of Asset Under Management as at the end of December 2020 was €29,902 million calculated as the sum of the amount pertaining to the following products as on page 44 of the Credemholding 2020 Consolidated Financial Statements: portfolio management (€6,128 million), mutual investment funds (€8,870 million), SICAV (€4,649 million) and other third party products (€10,255 million).</p>

<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
Asset Under Custody	-	<p>Custodial financial assets administered for the Group's customers excluding brokerage assets.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The value of Asset Under Custody as at the end of December 2021 was €23,799 million calculated as the difference between the "Indirect Deposit at Countervalue" as from page 36 of the Credemholding 2021 Consolidated Financial Statements (€59,094 million) and the value of Asset Under Management, as from page 38 of the Credemholding 2021 Consolidated Financial Statements (€35,295 million).</p> <p>The value of Asset Under Custody as at the end of December 2020 was €20,887 million calculated as the difference between the "Indirect Deposits at Countervalue" as from page 42 of the Credemholding 2020 Consolidated Financial Statements (€50,789 million) and the value of Asset Under Management, as from page 44 of the Credemholding 2020 Consolidated Financial Statements (€29,902 million).</p>
ROE	52	<p>Calculated as Profit for the period on average "shareholders' equity" in the period. The ratio is a proxy of the profit (return) that the bank can generate leveraging on the shareholders' equity.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of ROE as at the end of December 2021 was 10.4% calculated as net profit for the period (€270 million as at the page 76 of Credemholding 2021 Financial Statements (item 350 of the "Consolidated Income Statement")) on average "shareholders' equity" value (equal to €2,602 million and calculated as the average between the "shareholders' equity" as at the end of December 2020, €2,502 million, and the "shareholders' equity" as at the end of December 2021, €2,703 million). The "shareholders' equity" as at the end of December 2021 is the sum of items 120 Valuation Reserves, 125 Valuation Reserves pertaining to insurance companies pursuant to IAS39, 150 Reserves, 160 Share</p>



<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
			<p>Premium Reserve, 170 Share Capital, 180 Treasury Shares (-), 200 Profit (loss) for the year (+/-) (net of €49 million of dividends distributed (or resolved) by Credito Emiliano Holding) as from page 66 of the Credemholding 2021 Consolidated Financial Statements) as from page 75 of the Credemholding 2021 Consolidated Financial Statements. The “shareholders’ equity” as at the end of December 2020 is the sum of items 120 Valuation Reserves, 125 Valuation Reserves pertaining to insurance companies pursuant to IAS39, 150 Reserves, 160 Share Premium Reserve, 170 Share Capital, 180 Treasury Shares (-), 200 Profit (loss) for the year (+/-) (net of €33 million dividends distributed by Credito Emiliano Holding as from page 481 of the Credemholding 2020 Consolidated Financial Statements) as from page 85 of the Credemholding 2020 Consolidated Financial Statements.</p> <p>The level of ROE as at the end of December 2020 was 6.6% calculated as profit for the year (€159 million as at the page 86 of Credemholding 2020 Consolidated Financial Statements (item 350 of the “Consolidated Income Statement”)) on average “shareholders’ equity” value (equal to €2,413 million and calculated as the average between the “shareholders’ equity” as at the end of December 2020, €2,502 million, and the “shareholders’ equity” as at the end of December 2019, €2,325 million). The “shareholders’ equity” as at the end of December 2020 is the sum of items 120 Valuation Reserves, 125 Valuation Reserves pertaining to insurance companies</p>

<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
			<p>pursuant to IAS39, 150 Reserves, 160 Share Premium Reserve, 170 Share Capital, 180 Treasury Shares (-), 200 Profit (loss) for the year (+/-) (net of €33 million dividends distributed by Credito Emiliano Holding as from page 481 of the Credemholding 2020 Consolidated Financial Statements) as from page 85 of Credemholding 2020 Consolidated Financial Statements. The “shareholders’ equity” as at the end of December 2019 is the sum of items 120 Valuation Reserves, 125 Valuation Reserves pertaining to insurance companies pursuant to IAS39, 150 Reserves, 160 Share Premium Reserve, 170 Share Capital, 180 Treasury Shares (-), 200 Profit (loss) for the year (+/-) (net 0 of dividends distributed (or resolved) by Credito Emiliano Holding) as from page 65 of the Credemholding 2019 Consolidated Financial Statements.</p>
non-interest margin / operating income (net interest and other banking income)	52	<p>According to the bank’s P&amp;L reclassification, this is the ratio between revenues related to fees and commissions, as well as trading activities and insurance products, on the bank’s total income. It is the portion of total income less directly impacted by the evolution of interest rates.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of the ratio as at the end of December 2021 was 62.9% (as on page 52 of the Credemholding 2021 Consolidated Financial Statements) calculated as “non-interest margin” on “net interest and other banking income” (€841 million / €1,338 million; both numbers are presented and explained on page 51-52 of the Credemholding 2021 Consolidated Financial Statements).</p> <p>The level of the ratio as at the end of December 2020 was 59.0% (as on page 62 of the Credemholding 2020 Consolidated Financial Statements) calculated as “non-interest margin” on “net interest and other banking income” (€710 million / €1,203 million; both numbers are presented and explained on page 61-62 of the</p>

<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
			Credemholding 2020 Consolidated Financial Statements).
operating expenses / operating income (net interest and other banking income)	52	<p>According to the bank's P&amp;L reclassification, this is the ratio between total costs, excluding "amortisation/depreciation", and the bank's total income. It is a measurement of the efficiency of the bank in managing its own business: the lower the ratio, the higher the bank's efficiency.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of the ratio as at the end of December 2021 was 58.5% (as on page 52 of the Credemholding 2021 Consolidated Financial Statements) calculated as "operating expenses" on "net interest and other banking income" (€783 million / €1,338 million; both numbers are presented and explained on pages 51-52 of the Credemholding 2021 Consolidated Financial Statements).</p> <p>The level of the ratio as at the end of December 2020 was 58.7% (as on page 62 of the Credemholding 2020 Consolidated Financial Statements) calculated as "operating expenses" on "net interest and other banking income" (€706 million / €1,203 million; both numbers are presented and explained on pages 61-62 of the Credemholding 2020 Consolidated Financial Statements).</p>
ROA	52	<p>Calculated as Profit for the period on total assets. The ratio is a proxy of the profitability generated by the bank's assets.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of the ratio as at the end of December 2021 was 0.5% (as on page 52 of the Credemholding 2021 Consolidated Financial Statements) calculated as "Profit (Loss) for the year" (€350 million: item 330 as on page 76 of the Credemholding 2021 Consolidated Financial Statements) on "Total Assets" (€67,644 million as from page 74 of the Credemholding 2021 Consolidated Financial Statements).</p> <p>The level of the ratio as at the end of December 2020 was 0.4% (as on page 62 of the Credemholding 2020 Consolidated Financial Statements) calculated as "Profit (Loss) for the year" (€202 million: item 330 as on page 86 of the Credemholding 2020 Consolidated Financial Statements).</p>

<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
			on “Total Assets” (€56,718 million as from page 84 of the Credemholding 2020 Consolidated Financial Statements).
“Cost of credit” or “Cost of risk”	-	<p>Calculated as “Net impairment (losses)/reversals on loans” (or Net value adjustments/recoveries for credit risk) on average “Loans to Customers”. A low level of the ratio could be a driver of the quality of the bank’s loans book and support the bank’s profitability.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of Cost of Risk as at the end of December 2021 was 9 bps calculated as “Net value adjustments/recoveries for credit risk” item 130 (€28 million, as on page 76 of the Credemholding 2021 Financial Statements) on the average value of “Loans To Customers” (average between €33,156 million and €29,299 million: both numbers are presented on page 32 of the Credemholding 2021 Consolidated Financial Statements).</p> <p>The level of Cost of Risk as at the end of December 2020 was 36.7 bps calculated as “net value adjustments/recoveries for credit risk” (€103 million, as on page 86 of the Credemholding 2020 Consolidated Financial Statements) on the average value of “Loans To Customers” (average between €29,299 million and €26,684 million: both numbers are presented on page 37 of the Credemholding 2020 Financial Statements).</p>
% level of Coverage	34	<p>Incidence of specific write-downs (allowances) on credit gross impaired loans (Total non-performing loans, equal to bad loans plus unlikely to pay and past due loans). The higher this ratio, the lower the value that the bank expects to recover from the impaired exposure.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of coverage ratio as at the end of December 2021 was 53.7% calculated as “Expected losses” on “Non Performing Loans – Nominal values” (€440 million / €819 million; both numbers are presented on page 34 of the Credemholding 2021 Consolidated Financial Statements).</p> <p>The level of coverage ratio as at the end of December 2020 was 52.0% calculated as “expected losses” on “Tot. Non Performing Loans –</p>

<i>APM</i>	<i>Page number of Credemholding 2021 Consolidated Financial Statements</i>	<i>Definition</i>	<i>Reconciliation</i>
			Nominal value” (€456 million / €876 million; both numbers are presented on page 39 of the Credemholding 2020 Consolidated Financial Statements).
% net bad loans/ net loans to customers	35	<p>Incidence of bad loans on “Loans to Customers”. It is a ratio that could be considered as a proxy of the quality of the bank’s lending process: the lower the ratio, the higher the quality of the bank’s loans book.</p> <p>This APM and its components relate to the performance of the past reporting period.</p>	<p>The level of the ratio as at the end of December 2021 was 0.3% (as on page 35 of the Credemholding 2021 Consolidated Financial Statements), calculated as “estimated recoveries (on bad loans)” (€102 million as from page 34 of the Credemholding 2021 Consolidated Financial Statements) on €33,156 million (loans to customers as from page 32 of the Credemholding 2021 Consolidated Financial Statements).</p> <p>The level of the ratio as at the end of December 2020 was 0.4% (as on page 41 of the Credemholding 2020 Consolidated Financial Statements), calculated as “estimated recoveries on bad loans” (€126 million as from page 39 of the Credemholding 2020 Consolidated Financial Statements) on €29,299 million (loans to customers as from page 37 of the Credemholding 2020 Consolidated Financial Statements).</p>

The Issuer believes that such measures provide useful information to investors regarding the financial position, cash flow and financial performance and in particular allow for comparison with similar measures published by other banks as well as average industry standards, and better illustrate specific aspects and trends of the Issuer’s business activities.

### **Recent Developments**

On January 13, 2022, Credem issued a €600 million Senior Preferred Green Bond, under the ESG Framework approved by the Board of Director. The issue was rated “Baa3” by Moody’s, had a 6-year maturity, and a call after 5 years, and has a coupon of 1.125%, equivalent to 105 basis point above the mid-swap rate for the same maturity.

On 11 May 2022, following the authorization issued by the competent Supervisory Authority, Credito Emiliano has expressed its intention to exercise its voluntary call option in connection with its €100,000,000 Fixed to Floating Rate Subordinated Tier 2 Callable Notes (ISIN: XS1644438928) and to redeem all its

outstanding Notes on the relevant call date (10 July 2022), coherently with the supervisory regulations which would otherwise reduce the capital benefits.

On May 24, 2022, Credem issued a €500 million Covered Bond, under the Obbligazioni Bancarie Garantite (OBG) programme. The issue was rated “Aa3” by Moody’s and “AA” by Fitch, had a 7-year maturity and has a coupon of 1.75%, equivalent to 22 basis point above the mid-swap rate for the same maturity.

## Management and Statutory Auditors

### *Board of Directors*

The Board of Directors of the Issuer is responsible for the administration of its affairs. It oversees the overall performance of the Issuer and approves significant transactions carried out by the Issuer.

The current Board of Directors of the Issuer, and the respective positions of the individual Directors, is set out below:

<b>Name</b>	<b>Position</b>	<b>Principal activities performed by the Directors outside the Issuer<sup>1</sup></b>	<b>Date of Election<sup>2</sup></b>
Lucio Igino Zanon di Valgiurata	Chairman of the Board of Directors	1) Credito Emiliano S.p.A. (C). 2) Banca Euromobiliare S.p.A. (C). 3) Credem Private Equity S.g.r. S.p.A. (VC). 4) Euromobiliare Advisory Sim S.p.A. (C). 5) Credemassicurazioni S.p.A. (C). Other positions held in “Fenera Group”.	13.06.2019 (Director) 10.06.2021 (Chairman of the Board of Directors)
Ignazio Maramotti	Vice Chairman	Other positions held in “Max Mara Group”.	10.06.2021
Enrico Corradi	Vice Chairman	1) Credito Emiliano S.p.A. (VC). 2) Banca Euromobiliare S.p.A. (D). 3) Credem Private Equity S.g.r. S.p.A. (C). 4) Euromobiliare Fiduciaria S.p.A. (C). Other positions held in “Max Mara Group”.	13.06.2019 (Director) 10.06.2021 (Chairman of the Board of Directors)
Claudia Alfieri	Director	Other positions held in “Padana Tubi”	13.06.2019
Fabrizio Corradi	Director	1) Credemleasing S.p.A. (D).	13.06.2019
Barbara Ferrari	Director	=	10.06.2021
Benedetto Renda	Director	Other position held in Carlo Pellegrino & C. S.p.A.	13.06.2019
Paolo Tadolini	Director	1) Magazzini Generali delle Tagliate S.p.A. (D).	13.06.2019

Pursuant to the Issuer’s bylaws, the Board of Directors must at all times be composed of between 7 and 16 members, such number to be determined by the Shareholders’ General Meeting. In accordance with the bylaws, the Board of Directors has complete powers of ordinary and extraordinary administration other than those reserved by applicable law or by the bylaws to the meeting of the shareholders. Pursuant to applicable Italian law, directors are elected for a term of up to three financial years and can be re-elected.

The business address of the directors is Via Emilia San Pietro, 4, 42121 Reggio Emilia, Italy.

There are no conflicts of interest between any of the Board of Directors’ duties to the Issuer and their private interests or other duties.

<sup>1</sup> Legend: (D): Director; (C): Chairman; (VC): Vice Chairman.

<sup>2</sup> Each member of the Board of Directors is elected for a 3 year term

### ***Board of Statutory Auditors***

Pursuant to Italian law, in addition to electing the Board of Directors, the Issuer's shareholders also elect a *Collegio Sindacale* (Board of Statutory Auditors) composed of three independent experts in accounting matters, plus two alternate auditors to replace statutory auditors who resign or are otherwise unable to serve. The current Board of Statutory Auditors was appointed for a term expiring on approval of the financial statements for the year ending 2022.

As at the date of these Listing Particulars, the Board of Statutory Auditors is made up of the following members.

<b>Name</b>	<b>Position</b>	<b>Principal activities<sup>3</sup></b>
Giulio Morandi	Chairman	1) Credemleasing S.p.A. (CA). 2) Credito Emiliano S.p.A. (A). 3) Credemvita S.p.A. (A). 4) Euromobiliare Advisory Sim S.p.A. (A). 5) Banca Euromobiliare S.p.A. (CA). 6) Credemassicurazioni S.p.A. (A). 7) Magazzini Generali delle Tagliate S.p.A. (CA).
Gianni Tanturli	Auditor	1) Credemvita S.p.A. (CA). 2) Credemtel S.p.A. (CA). 3) Credem Private Equity SGR S.p.A. (CA).
Maurizio Bergomi	Auditor	1) Credemfactor S.p.A. (CA). 2) Banca Euromobiliare S.p.A. (A). 3) Avvera S.p.A. (CA). 4) Euromobiliare Asset Management Sgr S.p.A. (A). 5) Euromobiliare Advisory Sim S.p.A. (CA). 6) Euromobiliare Fiduciaria S.p.A. (CA).
Alberto Artemio Galaverni	Alternate Auditor	1) Credemfactor S.p.A. (A). 2) Magazzini Generali delle Tagliate S.p.A. (CA).
Vittorio Guidetti	Alternate Auditor	1) Euromobiliare Advisory Sim S.p.A. (A).

The business address of the Statutory Auditors is Via Emilia San Pietro, 4, 42121 Reggio Emilia, Italy.

There are no conflicts of interest between any of the Statutory Auditors' duties to the Issuer and their private interests or other duties.

<sup>3</sup> Legend: (CA): Chairman Auditor; (A): Auditor; (AA) Alternative Auditor.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of these Listing Particulars 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 Listing Particulars, 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.*

### **Taxation in the Republic of Italy**

#### ***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.

Pursuant to Article 2(22) of Law Decree 13 August 2011 No. 138, converted into 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 savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 of 11 December 2016 (**Law No. 232**) and Article 1, paragraphs 211-215, of Law No. 145 of 30 December 2018 (**Law No. 145**) and, for the long-term individual savings account established from 1° January 2020, Article 13-bis of Law Decree No. 124 of 26 October 2019 (**Law Decree No. 124**), as amended and supplemented from time to time.

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, *società di gestione del risparmio* (**SGRs**), stock brokers and other qualified entities identified by a decree of the Ministry of Finance (together the **Intermediaries** and each an **Intermediary**). An Intermediary must: (i) be resident in Italy; or be a permanent establishment in Italy of a non-Italian resident financial intermediary; or be an entity or company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes 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 savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145 and, for the long-term individual savings account established from 1° January 2020, Article 13-bis of Law Decree No. 124, as amended and supplemented from time to time.

### ***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 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;
- (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-declaration (*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*) pursuant to Article 1, paragraphs 100-114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145 and, for the long-term individual savings account established from 1° January 2020, Article 13-bis of Law Decree No. 124, as amended and supplemented from time to time.

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 savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 211-215 of Law No. 145 and, for the long-term individual savings account established from 1° January 2020, Article 13-bis of Law Decree No. 124, as amended and supplemented from time to time.

### ***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 savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232, Article 1, paragraphs 211 – 215 of Law No. 145, as implemented by the Ministerial Decree of 30 April 2019, and, for the long-term individual savings account established from 1° January 2020, Article 13-bis of Law Decree No. 124, all as lastly amended and supplemented by Article 136 of Decree No. 34/2020, are exempt from inheritance taxes, as amended and supplemented from time to time.

### ***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 or voluntary registration.

### ***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 the amount of Notes held abroad during each tax year.

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 20 June 2012) 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, Italian resident individuals and, starting from fiscal year 2020, 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 its own annual tax declaration and pay a wealth tax at the rate of 0.2 per cent 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

Barclays Bank Ireland PLC and Goldman Sachs International (the **Joint Lead Managers**) and Banca Euromobiliare S.p.A. and Credito Emiliano S.p.A. (the **Co-Managers** and, together with the Joint Lead Managers, the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 1 July 2022, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of the Notes, in accordance with the terms and conditions contained therein. The Issuer will pay to the Managers the commissions set forth in the Subscription Agreement and it will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

### United States

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within 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 exemption therefrom or in certain transactions exempt from or not subject to, the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations promulgated thereunder.

Each Manager has represented and agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the **Resale Restriction Termination Date**) within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the U.S. Securities Act. Each Manager has further agreed that it will send to each dealer to which it sells any Notes prior to the Resale Restriction Termination Date, a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act.

### United Kingdom

Each Manager has represented, agreed and undertaken that:

- (a) 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 UK Financial Services and Markets Act 2000, as amended (**FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Prohibition of Sales to EEA Retail Investors

Each of the Managers has represented, warranted and agreed 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, 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## Prohibition of Sales to UK Retail Investors

Each of the Managers has represented, warranted and agreed 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, the expression "**retail investor**" means a person who is one (or more) of the following: (i) a retail client as defined point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the 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 it forms part of domestic law by virtue of the EUWA.

## Republic of Italy

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 these Listing Particulars or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the **Prospectus Regulation**) and any applicable provision of Italian laws and regulations; or
- (b) 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.

Any offer, sale or delivery of the Notes or distribution of copies of these Listing Particulars or any other document relating to the Notes in the Republic of Italy under (a) or (b) 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 Legislative Decree No. 58 of 24 February 1998, as amended (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 **Italian 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 Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## France

Each of the Managers has represented and agreed that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of these Listing Particulars or any other offering material relating to the Notes.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each of the Managers has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Switzerland**

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act of 15 June 2018, as amended (the **FinSA**) because the Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. These Listing Particulars do not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

## **General**

No action has been or will be taken in any jurisdiction by any Manager or the Issuer that would or is intended to permit a public offering of the Notes, or possession or distribution of any offering documents or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes these Listing Particulars and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the Managers shall have any responsibility therefor.

None of the Issuer and the Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Listing and admission to trading

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market, which is the exchange regulated market of Euronext Dublin, with effect from the Issue Date. The Global Exchange Market is not a regulated market for the purposes of MiFID II.

BNP Paribas Securities Services, Luxembourg Branch is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

BNP Paribas Securities Services Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg. Further information on the international operating model of BNP Paribas Securities Services Luxembourg Branch may be provided upon request.

### Authorisation

The issue of the Notes has been authorised by the resolution of the board of directors of the Issuer dated 6 May 2022 and a determination (*determina*) of a delegated director dated 30 June 2022.

### LEI

The Legal Entity Identifier (LEI) of the Issuer is 815600AD83B2B6317788.

### Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under ISIN XS2488465423 and common code 248846542. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer and the Credem Group since 31 March 2022.

There has been no material adverse change in the prospects of the Issuer since 31 December 2021.

### Conflicts of Interest

As at the date of these Listing Particulars, and to the best of the Issuer's knowledge, no member of Credem Group's managing and controlling bodies has any private interest conflicting with the obligations arising from the office or position held within the Credem Group, except for those that may concern operations put before the relevant bodies of the Credem Group, in accordance with the applicable procedures and in strict compliance with existing laws and regulations. Members of the Credem Group managing and controlling bodies must comply with the following provisions aimed at regulating instances where there exists a specific interest concerning the implementation of an operation:

- Article 53 of the Italian Banking Act and Article 6 of the Italian Financial Act set forth the obligations envisaged by paragraph 1 of Article 2391 of the Italian Civil Code, hereinafter quoted, confirming the duty to abstain from voting for the Directors having a conflicting interest, on their own behalf or on behalf of a third party;

- Article 136 of the Italian Banking Act, which requires a particular authorisation procedure (a unanimous decision by the supervisory body with the exclusion of the concerned officers' vote and the favourable vote of all members of the controlling body) should a bank enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its company officers;
- Article 2391 of the Italian Civil Code, which obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest that they may have, on their own behalf or on behalf of a third party, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he/she is also the CEO; and
- Article 2391-*bis* of the Italian Civil Code, CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates) concerning transactions with related parties, as well as the provisions issued by the Bank of Italy for the prudential supervision of banks concerning risk activities and conflicts of interest of banks and banking groups with associated persons (Circular No. 263/2006 and No. 285/2013 of the Bank of Italy and subsequent updates).

In accordance with the aforementioned provisions, the transactions of greater relevance with related parties or with associated persons fall within the exclusive responsibility of the Issuer's Board of Directors, with the exception of the transactions falling under the responsibility of the Issuer's Shareholders' Meeting. For information on related-party transactions, please see Part H of the Explanatory Notes to the Credem 2021 Annual Financial Statements, incorporated by reference herein. Notwithstanding the obligations of Article 2391 of the Italian Civil Code, Credem Group and its corporate bodies have adopted measures and procedures to ensure compliance with the provisions relating to transactions with its corporate officers, as well as transactions with related parties and affiliated entities.

### **Legal and arbitration proceedings**

Neither the Issuer nor any other member of the Credem Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the previous 12 months, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Credem Group.

### **Independent Auditors**

The Issuer's consolidated and non-consolidated annual financial statements, as applicable, must be audited by external independent auditors appointed by its shareholders, under reasoned proposal by the Issuer's Board of Statutory Auditors. The shareholders' resolution and the Board of Statutory Auditors' reasoned proposal are communicated to CONSOB. The external independent auditors 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 Article 43 of Italian Legislative Decree no. 136/15; which is to say whether they give a true and fair view of the financial position and results and cash flows of, respectively, the Issuer and the Accounting Group.

Credem's consolidated and non-consolidated annual financial statements, as applicable, must be audited by external independent auditors appointed by its shareholders, under reasoned proposal by Credem's Board of Statutory Auditors. The shareholders' resolution and the Board of Statutory Auditors' reasoned proposal are communicated to CONSOB. The external independent auditors examine Credem'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 Article 9 of Italian Legislative Decree no. 38/05 and Article 43 of Italian Legislative Decree no. 136/15; which is to say whether they give a true and fair view of the financial position and results of operations and cash flows of, respectively, the Credem Group and Credem.

Since 2007, following a modification of the Financial Services Act, listed companies may not appoint the same independent auditors for more than nine years.

EY S.p.A, whose registered office is in Meravigli 12, 20123 Milan, Italy, are the auditors of the Issuer and Credem. EY S.p.A. is registered under no. 70945 in the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012. EY S.p.A. is also a member of ASSIREVI – *Associazione Nazionale Revisori Contabili*.

On 22 May 2014, EY S.p.A. was appointed to perform the audit of the financial statements of the Issuer for the period from 2014 to 2022. EY S.p.A has audited and rendered unqualified audit reports on the annual consolidated financial statements of the Issuer for the years ended 31 December 2021 and 31 December 2020 as stated in the English translation of such reports incorporated by reference herein.

On 30 April 2013, EY S.p.A. was appointed to perform the audit of the financial statements of Credem for the period from 2014 to 2022. EY S.p.A has audited and rendered unqualified audit reports on the annual consolidated financial statements of Credem for the years ended 31 December 2021 and 31 December 2020 as stated in the English translation of such reports incorporated by reference herein.

### **Availability of documents**

For as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market, copies of the following documents will, when published, be available for inspection in physical format during normal business hours from the specified office of the Paying Agent in each case at the address given at the end of these Listing Particulars:

- (a) copies of the articles of association of the Issuer (with an English translation thereof);
- (b) the Issuer 2021 Annual Financial Statements and the Issuer 2020 Annual Financial Statements;
- (c) the Credem 2021 Annual Financial Statements and the Credem 2020 Annual Financial Statements;
- (d) the Agency Agreement (which includes, *inter alia*, the forms of Notes in definitive form and Coupons); and
- (e) these Listing Particulars and any other documents incorporated therein by reference.

### **Yield**

The yield in respect of the Notes until the Reset Date is 7.637 per cent. *per annum* and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

### **Managers engaging in business activities with the Issuer**

Save for any fees and commissions payable to the Managers under the Subscription Agreement, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. Banca Euromobiliare and Credem are subsidiaries of the Issuer. Certain Managers and/or their affiliates (including their holding companies) have engaged and could in the future engage in commercial banking and/or investment activities with the Issuer and/or its affiliates and could, in the ordinary course of their business, provide services to the Issuer and/or to its affiliates. In addition, in the ordinary course of their business activities, the Managers and their affiliates (including their holding companies) 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 the Issuer's affiliates. Certain of the Managers or their affiliates (including their holding companies) that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates (including their holding companies)

would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Managers and their affiliates (including their holding companies) 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.

## **REGISTERED OFFICE OF THE ISSUER**

### **Credito Emiliano Holding S.p.A.**

Via Emilia S. Pietro, 4  
42121 Reggio Emilia  
Italy

## **JOINT LEAD MANAGERS**

### **Barclays Bank Ireland PLC**

One Molesworth Street  
Dublin 2  
Ireland D02 RF29

### **Goldman Sachs International**

Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

## **CO-MANAGERS**

### **Banca Euromobiliare S.p.A.**

Via S. Margherita 9  
20121 Milan  
Italy

### **Credito Emiliano S.p.A.**

Via Emilia S. Pietro, 4  
42121 Reggio Emilia  
Italy

## **INDEPENDENT AUDITORS OF THE ISSUER**

### **E.Y. S.p.A.**

Via Meravigli, 12  
20123 Milan  
Italy

## **FISCAL AGENT AND PAYING AGENT**

### **BNP Paribas Securities Services, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855  
Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to English and Italian law*

### **Clifford Chance Studio Legale Associato**

Via Broletto, 16  
20121 Milan  
Italy

*To the Managers as to English and Italian law*

### **Allen & Overy - Studio Legale Associato**

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20123 Milan  
Italy

Corso Vittorio Emanuele II, 284  
00186 Rome  
Italy

## **LISTING AGENT**



**BNP Paribas Securities Services, Luxembourg Branch**  
60 avenue J.F. Kennedy  
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