



## UNIPOLSAI ASSICURAZIONI S.p.A.

*(incorporated with limited liability in the Republic of Italy)*

### **Issue of €500,000,000 6.375 per cent. Perpetual Subordinated Fixed Rate Resettable Restricted Tier 1 Temporary Write-Down Notes**

**Issue Price: 100 per cent.**

The €500,000,000 6.375 per cent. Perpetual Subordinated Fixed Rate Resettable Restricted Tier 1 Temporary Write-Down Notes (the **Notes**) will be issued by UnipolSai Assicurazioni S.p.A. (the **Issuer** or **UnipolSai**, together with its subsidiaries, the **Group**). The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, as described in Condition 2 (*Status of the Notes*) in “*Terms and Conditions of the Notes*” and will be governed by, and construed in accordance with, Italian law, as described in Condition 18 (*Governing Law and Submission to Jurisdiction*) in “*Terms and Conditions of the Notes*”.

Unless previously redeemed or purchased and cancelled as provided in Condition 6 (*Redemption and Purchase*), the Notes shall become immediately due and payable at their Prevailing Principal Amount (as defined in Condition 4 (*Interest*) in “*Terms and Conditions of the Notes*”) only in case voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with (a) a resolution of the shareholders’ meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently the duration of the Issuer is set at 31 December 2050, although, if this is extended, redemption of the Notes will be equivalently adjusted); or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority. Noteholders have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer shall be entitled to redeem the Notes only in accordance with the provisions specified in Condition 6 (*Redemption and Purchase*). The Issuer shall have the right, provided that the Conditions for Redemption and Purchase (as defined in Condition 7 (*Conditions for Redemption and Purchase*) in “*Terms and Conditions of the Notes*”) are met at the relevant time, to redeem the Notes, in whole but not in part, on any Optional Redemption Date as further specified in Condition 6.3 (*Redemption at the option of the Issuer*). In addition, the Issuer shall have the right, provided that the Conditions for Redemption and Purchase are met at the relevant time, to redeem the Notes, in whole but not in part, following a Tax Event (as further specified in Condition 6.2 (*Redemption for tax reasons*)), a Regulatory Event (as further specified in Condition 6.5 (*Optional Redemption due to a Regulatory Event*)) or a Rating Event (as further specified in Condition 6.6 (*Optional Redemption due to a Rating Event*)) as well as in the event at least 80 per cent. of the Original Principal Amount (as defined in Condition 4 (*Interest*) in “*Terms and Conditions of the Notes*”) of the Notes has been purchased or redeemed by the Issuer (as further specified in Condition 6.4 (*Clean-Up Call Option*)). Any Notes so redeemed by the Issuer shall be redeemed at their Prevailing Principal Amount together (to the extent that such interest has not been cancelled in accordance with the Conditions) with interest accrued to (but excluding) the date of redemption.

The Notes will bear interest on their Prevailing Principal Amount, payable (subject to cancellation as described below) semi-annually in arrear on 27 April and 27 October in each year (each an **Interest Payment Date**), as follows: (i) in respect of the Interest Period from (and including) 27 October 2020 (the **Issue Date**) to (but excluding) 27 October 2030 (the **First Reset Date**) at the rate of 6.375 per cent. per annum, and (ii) in respect of each Interest Period from (and including) the First Reset Date at the relevant Reset Rate (as defined in “*Terms and Conditions of the Notes*”). Further, during the period of any Write-Down pursuant to Condition 8 (*Principal Loss Absorption*), as described below, interest will accrue on the Prevailing Principal Amount of the Notes which shall be lower than the Original Principal Amount unless and until the Notes have subsequently been subject to Write-Up in full.

Subject to Condition 3.2 (*Mandatory Cancellation of Interest*), the Issuer may, pursuant to Condition 3.1 (*Optional Cancellation of Interest*), on any Interest Payment Date at its sole and absolute discretion elect to cancel payment of all (or some only) of the interest accrued to such Interest Payment Date. In addition, if a Mandatory Cancellation Trigger has occurred with reference to an Interest Payment Date, the Issuer must cancel payment of all of the interest accrued to such Interest Payment Date.

Any unpaid amounts of interest that have been cancelled pursuant to Condition 3.1 (*Optional Cancellation of Interest*) or Condition 3.2 (*Mandatory Cancellation of Interest*) shall be irrevocably cancelled and shall not accumulate or be payable at any time thereafter and the Noteholders shall have no right thereto. The Issuer may use the cancelled interest payments without restriction to meet its obligations as they fall due. The non-payment of any interest on the Notes that has been cancelled pursuant to Condition 3.1 (*Optional Cancellation of Interest*) or Condition 3.2 (*Mandatory Cancellation of Interest*) does not constitute an event of default of the Issuer, or any other breach of obligations under the Conditions or for any purpose, does not impose any obligation on the Issuer to substitute the cancelled interest payment by a payment in any other form, and does not impose any other restrictions on the Issuer.

**Pursuant to Condition 8 (*Principal Loss Absorption*), upon the occurrence of a Trigger Event (as defined in Condition 8.1 (*Trigger Event*)), any interest which is accrued and unpaid up to (and including) the Write-Down Effective Date (as defined in Condition 8.2 (*Write-Down*)) shall be automatically cancelled and the Issuer shall – unless Condition 8.3 (*Waiver of Write-Down*) applies – without delay and without the need for the consent of the Noteholders, write-down the Notes by reducing the Prevailing Principal Amount in the manner set out in Condition 8 (*Principal Loss Absorption*). A Write-Down (as defined herein) of the Notes, which may occur on one or more occasions, shall not constitute a default or an event of default in respect of the Notes or a breach of the Issuer’s obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle the Noteholders to petition for the insolvency or dissolution of the Issuer or to take any other**

**action. Following a Write-Down, the Issuer may, at its discretion, write-up the Prevailing Principal Amount of the Notes - up to a maximum of the Original Principal Amount - by an amount corresponding to the relevant Write-Up Amount (as defined in Condition 8.4 (Write-Up)), subject to the limits and the conditions set out in Condition 8.4 (Write-Up).**

**The Notes do not contain events of default.**

This document in respect of the Notes (the **Prospectus**) constitutes a prospectus within the meaning of Article 6.3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended, the **Prospectus Regulation**). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**), as competent authority under the Prospectus Regulation, to approve this Prospectus. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should neither be considered as an endorsement of the Issuer nor of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has also been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Regulated Market, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (**MiFID II**). By approving this Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality and solvency of the Issuer.

Amounts of interest payable under the Notes after the First Reset Date are calculated by reference to the annual mid-swap rate for euro swaps with a term of five years which appears on Reuters screen "ICESWAP/ISDAFIX2" as of 11:00 a.m. (Central European time) on such Reset Determination Date (as defined in the "*Terms and Conditions of the Notes*") which is provided by ICE Benchmark Administration Limited or by reference to EURIBOR which is provided by the European Money Markets Institute. As at the date of this Prospectus, the ICE Benchmark Administration Limited and European Money Markets Institute are included in the register of administrators maintained by the European Securities and Markets Authority (**ESMA**) under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

The Notes are expected to be rated B1 by Moody's Deutschland GmbH (**Moody's**) and B+ by Fitch Ratings Ireland Limited (**Fitch**). Moody's and Fitch are established in the European Union and are registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's and Fitch are 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 organisation.

The Notes will be issued in new global note (**NGN**) form. The Notes will be in bearer form and 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 safekeeper 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**) or Notes in definitive form, without interest coupons, on or after 7 December 2020 (the **Exchange 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*".

This Prospectus will be valid until the date of admission of the Notes on the Regulated Market. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid. The validity of this Prospectus ends upon expiration of 23 October 2021. **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 under MiFID II) in the European Economic Area (EEA) and/or under the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 published by the UK's Financial Conduct Authority. Potential investors should read the whole of this document, in particular the "Risk Factors" set out on pages 10 to 40 and "Restrictions on Marketing, Sales and Resales to Retail Investors" set out on pages 7 to 8.**

**MiFID II professionals/ECPs-only/No PRIIPs KID/FCA PI RESTRICTION – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). The target market assessment indicates that the Notes are incompatible with the needs, characteristic and objectives of retail clients and accordingly the Notes shall not be offered or sold to any retail clients. No packaged retail and insurance-based investment products (PRIIPs) key information document (KID) has been prepared as the Notes are not available to retail investors in the EEA or in the United Kingdom (UK).**

**Joint Lead Managers**

**BNP PARIBAS**

**IMI – Intesa Sanpaolo**

**J.P. Morgan**

**Mediobanca**

**UniCredit Bank**

The date of this Prospectus is 23 October 2020

## IMPORTANT INFORMATION

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

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”), which documents form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Joint Lead Managers named under “*Subscription and Sale*” below or any of their respective affiliates and no responsibility or liability is accepted by the Joint Lead Managers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuer in connection with the Notes. No person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Prospectus 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 Joint Lead Managers.

Neither this Prospectus 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 the Joint Lead Managers that any recipient of this Prospectus 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 this Prospectus 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 the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus 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 Joint Lead 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 this Prospectus when deciding whether or not to purchase any Notes. Neither the delivery of this Prospectus 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 this Prospectus.

This Prospectus does 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 this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus 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 Joint Lead Managers which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly,

and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States (Regulation S), the UK, the EEA, the Republic of Italy, Switzerland and Singapore. For a further description of certain restrictions on offers and sales of the Notes and on the distribution of this Prospectus, see “*Subscription and Sale*”.

**The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). The Notes may be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S (*Regulation S*) under the Securities Act. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.**

**Notification under Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA)** - Solely in connection with its obligations under Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) of the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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 Joint Lead 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 financial circumstances and investment objectives, and only after careful consideration with their financial, legal, tax and other advisers. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- 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;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- 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 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.

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 of the likelihood of cancellation of Interest Amounts or a Write-Down on the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

## **PRESENTATION OF INFORMATION**

All references in this Prospectus to **Euro**, **EUR**, **€** or **euro** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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

Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus, including, without limitation, any documents incorporated by reference herein, may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

## **INDUSTRY AND MARKET DATA**

Certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Issuer's and the Group's business contained in this Prospectus consists of

estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer's knowledge of sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. In respect of information in this Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

## **ALTERNATIVE PERFORMANCE MEASURES**

This Prospectus, and the documents incorporated by reference hereto, contains certain alternative performance measures (**APMs**), complete with an explanation of the criteria used to construct them, in addition to the IFRS financial indicators obtained directly from the audited consolidated financial statements of the Issuer for the years ended 31 December 2019 and 2018 and from the unaudited consolidated interim financial report of the Issuer for the six-month period ended 30 June 2020, each incorporated by reference into this Prospectus under the section "*Documents Incorporated by Reference*", and which are useful to present the results and the financial performance of the Group.

For information regarding the APMs, including an explanation of the criteria used to construct them, see the sections headed "*Alternative performance indicators*" on page 19 of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 and on page 13 of the unaudited consolidated interim financial report of the Issuer as at and for the six-month period ended 30 June 2020, each incorporated by reference into this Prospectus.

The Issuer believes that these APMs provide useful supplementary information to investors and that they are commonly used measures of financial performance complementary to, rather than a substitute for, IFRS financial indicators, since they facilitate operating performance and cash flow comparisons from period to period, time to time and company to company.

It should be noted that these financial measures are not recognised as a measure of performance or liquidity under IFRS and should not be recognized as an alternative to operating income or net income or any other performance measures recognised as being in accordance with IFRS.

These measures are not indicative of the historical operating results of the Group, nor are they meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on such data.

## **STABILISATION**

**IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC (IN ITS CAPACITY AS JOINT LEAD MANAGER) MAY ACT AS STABILISATION MANAGER (THE *STABILISATION MANAGER*) (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) AND 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.**

### **Restrictions on Marketing, Sales and Resales to Retail Investors**

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors. In particular, in June 2015, the UK Financial Conduct Authority published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 which took effect from 1 October 2015 (the **PI Instrument**). Under the rules set out in the PI Instrument (as amended or replaced from time to time, the **PI Rules**):

- (a) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA; and
- (b) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

In addition, (i) on 1 January 2018 the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (as amended or superseded, the **PRIIPs Regulation**) became directly applicable in all EEA member states or in the UK and (ii) the Markets in Financial Instruments Directive 2014/65/EU (as amended, **MiFID II**) was required to be implemented in EEA member states or in the UK by 3 January 2018. Together, the PI Instrument, the PI Rules, the PRIIPs Regulation and MiFID II are referred to as the **Regulations**.

The Regulations set out various obligations in relation to: (i) the manufacture and distribution of financial instruments; and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Notes.

Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the Regulations.

The Joint Lead Managers (and/or their affiliates) are required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Joint Lead Managers, each prospective investor will be deemed to represent, warrant, agree with and undertake to the Issuer and the Joint Lead Managers that:

- (a) it is not a retail client in any EEA jurisdiction or in the UK (as defined in MiFID II);
- (b) whether or not it is subject to the Regulations, it has not and will not (i) sell or offer the Notes (or any beneficial interests therein) to any retail clients (as defined in MiFID II) in Italy or any other EEA jurisdiction or in the UK, (ii) communicate (including by the distribution of the preliminary Prospectus or the final Prospectus relating to the Notes) or approve any invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by any retail client in any EEA jurisdiction or in the UK (within the meaning of MiFID II) or (iii) do anything (including the distribution of this document) that would or might result in a retail client in the EEA or in the UK buying or holding a beneficial interest in any Notes (in each case within the meaning of MiFID II). In selling or offering the Notes or making or approving communications relating to the Notes, it may not rely on the limited exemptions set out in the PI Rules;

- (c) it has and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction; and
- (d) it will act as principal in purchasing, making or accepting any offer to purchase any Notes (or any beneficial interest therein) and not as an agent, employee or representative of any of the Joint Lead Managers.

Each prospective investor further acknowledges that:

- (a) the identified target market for the Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and
- (b) no key information document (KID) under the PRIIPs Regulation has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**MI FID 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.

**PRIIPs Regulation / Prohibition of sales to EEA and 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 EEA or in the UK. For these purposes, a **retail investor** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (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 the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.



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## **RISK FACTORS**

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Prospectus, including, in particular, the risk factors described below and any document incorporated by reference herein.*

*The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Notes and/or may have a negative impact on the price of the Notes resulting in a partial or total loss of the investment of the Noteholders. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal 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 which may not be considered significant risks by the Issuer, based on information currently available to it, or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including, without limitation, any documents incorporated by reference herein) and reach their own views prior to making any investment decision, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary.*

*References in these "Risk Factors" to the "Terms and Conditions" or the "Conditions" are to the Terms and Conditions of the Notes appearing elsewhere in this Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section. Prospective investors should read the entire Prospectus.*

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

The risks below have been classified into the following categories:

1. Risks relating to the market and macro-economic conditions and other emerging risks;
2. Financial and investment risks;
3. Risks relating to the Issuer's business activity;
4. Insurance risks;
5. Risks relating to the legal and regulatory environment.

#### **1. RISKS RELATING TO THE MARKET AND MACRO-ECONOMIC CONDITIONS AND OTHER EMERGING RISKS**

***Risks related to negative developments in economic and financial market conditions, whether on a national or supranational basis***

UnipolSai's businesses, financial position, capital position and results of operations are inherently subject to global financial market fluctuations and economic conditions generally. A wide variety of factors negatively impact economic growth prospects and contribute to high levels of volatility in financial markets (including in currency exchange and interest rates). These factors include, among others, continuing concerns over sovereign debt issuers, particularly in Europe; the stability and status quo of the European Monetary Union; concerns about the Italian economy (which is the main market for the Group) which might have a material adverse effect on UnipolSai's business and financial position, in light of the link between UnipolSai's credit

rating and that of the Republic of Italy and also in connection with the fact that the Group invests in Italian government bonds; concerns over levels of economic growth and consumer confidence generally; the strengthening or weakening of foreign currencies against the Euro; structural reforms or other changes made to the Euro, the Eurozone or the European Union; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies; inflation or deflation in certain markets; central bank intervention in the financial markets through quantitative easing or similar programmes; volatile energy costs; uncertainty regarding membership in the European Union or the Eurozone; adverse geopolitical events (including acts of terrorism or military conflicts); political uncertainty which may adversely affect the membership of certain countries in the European Union or the Eurozone, or relations between these countries and the European Union or the Eurozone, other recent developments in connection with the referendum held in the United Kingdom pursuant to which the United Kingdom left the European Union (so-called Brexit); trade disputes between the United States and China and the related protectionist initiatives that have been introduced and uncertainty regarding the U.S. and worldwide political, regulatory and economic environment, including with respect to potential changes in U.S. laws, regulations and policies governing financial regulation, foreign trade and foreign investment. Furthermore, certain initiatives from governments and support of central banks in order to stabilise financial markets could be suspended or interrupted which could, in an uncertain economic context, have an adverse effect on the global financial industry. In addition, geopolitical risks in various regions, have contributed to increased economic and market uncertainty generally. These factors have had and may continue to have an adverse effect on UnipolSai's revenues and results of operations, in part because they can bring volatility to UnipolSai's investment portfolio, which is influenced by global economy conditions.

More generally, in an economic environment characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for UnipolSai's insurance products could be adversely affected. In addition, in such circumstances, UnipolSai's portfolio of insurance policies may experience an elevated incidence of lapses or surrenders in certain types of policies, lower surrender rates than anticipated with other types of products, such as certain variable annuities, with in-the-money guarantees, and policyholders may choose to defer paying insurance premiums or stop paying them altogether. These developments could accordingly have a material adverse effect on UnipolSai's business, results of operations and financial condition.

#### ***Risk related to the Covid-19 outbreak***

The World Health Organization (**WHO**) declared a global emergency on 30 January 2020 with respect to the outbreak in 2019 of novel coronavirus (**COVID-19**) which emerged in Wuhan, China. The WHO subsequently characterised it as a pandemic on 11 March 2020.

The COVID-19 outbreak has a significant impact on the macroeconomic environment and has resulted in unprecedented volatility as well as economic and financial disruptions in Italy and worldwide. In particular, prolonged stress in financial market conditions as a consequence of the outbreak could negatively affect market liquidity, and interventions by governments and central banks may prove ineffective or inadequate. Restrictions and quarantines introduced have led to social and economic shocks in multiple business segments, including those in which the Group operates, with potentially long-lasting effects. The consequential rise in the mortality and morbidity rates caused by the pandemic may affect the performance of the life and non life insurance business unit of the Group as a result of an increase in claims. Wider implications of the pandemic on the disposable income of individuals and companies can affect the revenues of all sectors of activities in which the Group operates. Regulatory authorities may furthermore impose moratorium measures that could limit the ability of the Group's financial institutions to enforce debts, or capital conservation measures that prohibit the payment of dividends by the Group's subsidiaries to the parent company. All these factors may

have an adverse impact on the business operations of the Group, its funding and liquidity as well as the market value of its assets.

At the current time, it is too early to measure the overall effect on the global insurance sector. The Group has promptly implemented a series of initiatives to ensure business continuity. To date the outbreak has not had a material adverse impact on the Group operations. However, the future impact of the outbreak is still highly uncertain and its final magnitude cannot be predicted, hence there is no assurance that the outbreak will not have a material adverse impact on the future results of the Company. The extent of the impact will depend on future developments, including actions taken to contain COVID-19 and when the pandemic is overcome.

### ***Risks Related to the concentration of the Group's business in the Italian market***

The Group carries out nearly all its activities in the Italian market. Therefore, economic trends in Italy have had and will continue to have a significant impact on the profitability of the Group. The Group's non-life business is particularly sensitive to conditions in the Italian economy generally.

Adverse developments in the Italian economy and insurance market might result in a decrease of the Group's profitability and could potentially have a material adverse effect on its business, financial condition and results of operations.

### ***Climate change***

Climate change may have an impact on UnipolSai's business.

Climate change has been identified in the ERM (Enterprise Risk Management) Framework in the dual components of emerging risk and ESG (environmental, social and governance) risks managed along the value chain, with particular reference to underwriting and investment activities. The Group has mapped the risks and opportunities of climate change, prepared in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map covers the various stages of the value chain and includes both physical and transitional risks.

In reference to the climate change physical risks, the Group has undertaken activities to acquire greater awareness of the potential impacts deriving from changes in the frequency and intensity of catastrophic events, with particular regard to weather events and floods, that can impact on the number and cost of the claims and their management expenses, as well as reinsurance costs, in the Group's non-life business, in order to define the most appropriate mitigation methods. Specific activities are also in progress to integrate climate change scenarios over medium-term horizons into the Group's framework of stress tests. The processes and tools defined may not be fully effective in mitigating physical risk due to the high degree of uncertainty in accurately determining a timeframe and magnitude of the impacts, most of all in a medium- to long-term scenario.

Transition risks are the ones related to the transition towards a low-carbon economy that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. These risks may affect the value of the Group's investments related to sectors and activities with a high climate impact; they may also have consequences for the Group's reputation and stakeholders, primarily investors. The Group has put in place policies to prevent and mitigate transition risks, but the high level of uncertainty in political, technological and market contexts could undermine their effectiveness.

## **2. FINANCIAL AND INVESTMENT RISKS**

### ***Risk related to volatility of the financial markets***

Market levels and investment returns are an important component in determining the Group's overall profitability; in addition, fluctuations in the financial markets such as the fixed income, equity and property markets can have a material effect on its business, financial condition, consolidated results of operations,

market levels and investment returns. Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets in which funds under management are invested could have a material adverse effect on the Group's consolidated financial condition, results of operations and cash flows.

The Group has substantial exposure to fixed income securities (including in particular, Italian government bonds that, like all sovereign debt securities, are strongly impacted by the market's perception of the relevant country risks), equities and real estate within its assurance and shareholder portfolios. Fluctuations in the fixed income, equity and real estate markets will directly or indirectly affect the financial results of assurance operations, in particular through their impact on the levels of charges made on those policies which are related to the value of the assets backing the policy liabilities. In addition, such fluctuations will affect the capital requirements of the Group.

The ability of the Group to make profits on insurance products and investment products, including fixed and guaranteed products, depends in part on the returns on specific investments supporting its obligations under these products, which may fluctuate substantially depending on general economic conditions. Certain types of insurance and investment products that the Group offers expose it to risks associated with financial markets volatility, including certain types of interest-sensitive or variable products such as guaranteed annuities, which have guaranteed rates. Increased volatility in the financial markets, combined with unanticipated policyholders' behaviour, may increase the cost of any hedging and/or negatively affect their effectiveness to mitigate certain of these risks, and, as a consequence, may adversely impact the Group's profitability.

Moreover, the current scenario of low interest rates could imply a higher investment risk and difficulties in giving the minimum interest guarantees embedded in certain life insurance products sold in the past by the Group. Such scenario may have a negative effect on the profitability of the Group. In connection with this, the Group is gradually reducing its traditional guarantee-backed products whilst seeking to increase its commercial offering of unit-linked products and multisegment products. See "*Management Report – Insurance sector – Life Business*" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

In addition, the insurance portfolios may experience an elevated incidence of lapses or surrenders of policies, and policyholders may choose to defer paying insurance premiums or stop paying them altogether. These developments could have a material adverse effect on the Issuer's and the Group's business, results of operations and financial condition.

#### ***Risk related to changes in interest rates***

Significant changes in interest rates could materially and adversely affect the Group's business and financial performance. The level of, and changes in, interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) may affect the Group's life and non-life insurance business and interest payable on debt. In particular, a change in interest rates can affect the availability of disposable income for investment in assurance products and other savings products, asset values, levels of bad debts, levels of investment income gains and losses on investments, funding costs and interest margins. Fluctuations in interest rates may also affect returns on fixed income investments and their market value. Generally, investment income may be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature or are sold and the proceeds are reinvested at lower rates even though prices of fixed income securities tend to rise and gains realised upon their sale tend to increase. During periods of rising interest rates, prices of fixed income securities tend to fall and gains made upon their sale are lower or the losses made are greater.

Fluctuation in interest rates may affect both assets and liabilities valuation. A huge fluctuation in interest rates has a direct impact on the duration matching, and any duration mismatch may have a direct impact on the Group Solvency Ratio.

Fluctuations in interest rates and returns from equity markets also have an impact on consumer behaviour, especially in the asset accumulation (e.g. pension funds) and life assurance businesses, where demand for fixed income products may decline when interest rates fall and equity markets are performing well. The demand for non-life insurance products, particularly commercial lines, can also vary with the overall level of economic activity.

### ***Credit risk***

The Group has counterparty risk in relation to third parties. A failure by its counterparties to meet their obligations could have a material impact on its financial position. The Group is exposed to credit risk, among other things, through holdings of fixed income instruments.

A default by an institution or even concerns as to its creditworthiness could lead to significant liquidity problems or losses and defaults by other institutions due to the close credit, trading, clearing and other links between institutions. This risk may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Group interacts on a daily basis and therefore could adversely affect the business, financial condition and results of operations of the Group.

A significant portion of the insurance segment's investment portfolio is represented by bonds issued by sovereign governments and financial and industrial companies.

A default by one or more of the issuers of securities held by the Group could have an adverse effect on the Issuer's and the Group's financial condition, results of operations and cash flows.

Additionally, the Group's life insurance and non-life insurance have substantial exposure to reinsurance through reinsurance arrangements. Under such arrangements, other insurers assume a portion of the costs, losses and expenses associated with policy claims and maturities, and reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly from year to year. Any decrease in the amount of reinsurance coverage will increase the Group's risk of loss. When reinsurance is obtained, the Group is still liable for those transferred risks if the reinsurer does not meet its obligations. Therefore, the inability or failure of the reinsurers to meet their financial obligations could materially affect the Group's operations and financial conditions. For further information see the risk factor headed "*Insurance Risks - Risks related to the circumstance that reinsurance may not be adequate to protect the insurance business segment against losses*" below.

In addition, the Group is subject to the credit downgrading of the counterparties with which it operates or to which it has an exposure. These exposures arise from reinsurance and co-insurance activities, cash deposits and derivative transactions with banks, activities with insurance intermediaries and insured parties.

There is the risk that the Group's credit exposure may exceed predetermined levels pursuant to the procedures, rules and principles it has adopted.

See "*Notes to the Financial Statements – Risk Report – Credit risk*" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

### ***Risk related to a downgrade of any of UnipolSai's credit ratings***

The financial strength and issuer credit ratings assigned to UnipolSai express the rating agencies' opinion regarding its creditworthiness and are a determining factor in influencing public confidence in the Group's business. Credit ratings are subject to change, suspension or withdrawal at any time by rating agencies. A

downgrade, or the potential for such a downgrade, to the financial strength or issuer credit ratings assigned to UnipolSai may have an adverse impact on its financial position and client portfolio retention. A downgrade of UnipolSai's credit rating may have a negative effect on its ability to raise capital through the issuance of debt, increase the cost of such financing, reduce customers' and trading counterparties' confidence and impact profitability and competitiveness. Rating agencies assess a range of internal and external rating factors. In particular, potential Italian sovereign debt credit deterioration as an external rating factor could have adverse effects on the financial position of the Group and trigger a downgrade of UnipolSai's ratings. Internal rating factors that could lead to a downgrade are deteriorating levels of debt leverage, capital adequacy and market position.

#### ***Risks arising from the performance of the real estate market***

UnipolSai operates in the Italian real estate business segment (secondary to its core insurance business) with a portfolio consisting mainly of retail, commercial and hotel properties owned through direct and indirect investments. The real estate business segment is impacted by a series of macroeconomic variables, including the balance of supply and demand, linked, in turn, to further variables such as the overall condition of the economy, the tax system, liquidity in the market, the level of interest rates and spread, the tightening of the financial conditions and alternative investments offering greater remuneration.

Within the context of investments in the real estate business segment, the Group participates, as a shareholder/lender, in real estate segments mainly concerning the residential and offices markets, essentially focused on large urban areas in Italy.

The feasibility, timing, profitability and, therefore, the success of these investments depend on a large number of factors including the availability of sources of finance (with particular reference to bank loans and/or the financial means of the project partners etc.), administrative aspects (such as obtaining the necessary authorisations from the competent authorities), unexpected events on building sites (e.g., delays related to unforeseen problems concerning geology, the environment, climate, projects, third-party claims or action), supplies (e.g., trends in terms of the cost of raw materials and lead times) and the state of the real estate market during the marketing stage (e.g., the dynamics of the supply and demand of developments in terms of viability and means of transport, the ease of obtaining credit and the level of interest rates).

Given that the main factors described above are liable to change over time and are not completely predictable during the stage of evaluation/investment or disinvestment decision, the possibility cannot be excluded that the feasibility and/or profitability of such investments may change in terms of time and/or conditions, with respect to the original forecasts, which may have a negative effect on the economic and/or financial position of the Group.

#### ***Risks arising from companies operating in sectors other than insurance and real estate***

The Group also operates directly in sectors other than insurance and real estate, through investments arising from the lines of business of subsidiaries operating in the hotel management, healthcare and agricultural industries, and from innovation and management of mutual real estate investment funds.

The Group is therefore also exposed to risks related to the general economic situation and risks specific to these industries both in terms of the financial results of the relevant subsidiaries and with regard to potential fluctuations in the value of real estate investments made by companies operating in these sectors.

### **3. RISKS RELATING TO THE ISSUER'S BUSINESS ACTIVITY**

#### ***Risks arising from the failure to fully implement the Strategic Plan***

On 9 May 2019, the Board of Directors of UnipolSai approved the strategic business plan (the Strategic Plan) for the 2019-2021 period. The Strategic Plan has the objective of strengthening UnipolSai's leadership in the next three years. For further information see "*Management Report – Significant events during the year – MISSION EVOLVE Always one step ahead: the new 2019-2021 strategic plan*" in UnipolSai's consolidated financial statements as at and for the years ended 31 December 2019, incorporated by reference in this Prospectus.

The Strategic Plan is based on a series of critical assumptions. However, the predetermined objective envisaged by the Strategic Plan may not be achieved, in whole or in part, for any reason whatsoever including as a result of the occurrence of one or more of the risks discussed in this section of the Prospectus, thus meaning that the results of the Group may differ, possibly in a significant manner, compared to what is set out in the Strategic Plan, with potential negative consequences in relation to the financial and economic situation and/or assets of the Group.

### ***Operational risk***

UnipolSai, like all financial services undertakings, is exposed to operational risk, which is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk includes legal, compliance and information technology risks. UnipolSai's systems and processes are designed and run taking operational risk into account. Any weaknesses or failures in processes and systems, however, could adversely affect the undertaking's activities and financial performance.

This operational risk also exposes the Group to reputational consequences. The Group's reputation is influenced by its behaviour in a range of areas such as product & service quality, innovation, governance, financial performance, leadership, workplace and corporate social responsibility. The Group's reputation among its stakeholders could deteriorate mainly due to strategic risk or operational risks, such as breaches of data security, cyber threats or fraud, or ESG-related risks in its operations, underwriting and investment activities. A deterioration in the Group's reputation could have a negative impact on its "social licence to operate", its ability to secure new resources and labour and its economic and financial performance.

See "*Notes to the Financial Statements – Risk Report – Operational risks*" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

### ***Risks related to asset liability management and liquidity***

The Issuer plans its investments with the objective of matching returns and maturities to the commitments made to the Group's insurance clients and the liabilities recorded. Any maturities mismatch between such assets and liabilities may have an adverse impact on the Group's financial condition, results of operations and cash flows.

In addition, in case of a liquidity crisis in the sectors in which the Group operates or in the broader financial market, proceeds from the sale of highly liquid instruments held by the Group may not be sufficient to meet its obligations. Therefore, should UnipolSai need to dispose of illiquid financial instruments, it could be forced to make sales at lower prices than expected, which may have an adverse effect on its solvency as well as its financial condition, results of operations and cash flows.

See "*Notes to the Financial Statements – Risk Report – Liquidity risk*" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

### ***Strategic risk***



The Group, like all financial services groups, is subject to strategic risk, mainly due to significant changes in the external environment in which it operates. There can be no assurance that future trends in economic and geopolitical conditions, in regulatory framework, in technology, in climate and the natural environment and in society's and stakeholders' behaviours will not have adverse effects on Group's strategy, which could materially negatively affect Group's reputation as well as its economic and financial position and its business model sustainability.

See “Notes to the Financial Statements – Risk Report – Emerging risks, strategic risk and reputational risk” in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

#### ***Risk related to risk management policies, procedures and methods***

The Group's policies, procedures and assessment methods to manage market, credit, liquidity and operating risks may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that the Group fails to identify or anticipate. If existing or potential customers, shareholders or stakeholders (including lenders) believe that its risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

See “Notes to the Financial Statements – Risk Report – Risk Management System” in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

#### ***Risks related to the adequacy of its technical reserves***

The technical reserves of the Group's insurance businesses serve to cover the current and future liabilities towards its policyholders and originate from the collection of the insurance premiums. Technical reserves are established with respect to both the Group's life and non-life insurance businesses and are divided into different categories depending on the type of insurance business (life or non-life) to which they relate. These technical reserves and the assets backing them represent a major part of the Group's balance sheet. Depending on the actual realisation of the future liabilities (i.e. the claims as actually experienced), the current technical reserves may prove to be inadequate, and the assets backing the liabilities could be sold to match the claims payment during unfavourable financial conditions with a negative impact on Group results. To the extent that technical reserves are insufficient to cover the Group's actual insurance losses, expenses or future policy benefits, the Group would have to add to these technical reserves and incur a charge to its earnings, which could adversely impact its results and financial condition.

#### ***Risks related to administrative, civil and tax proceedings***

As part of the ordinary course of business, companies within the Group are, and may be, subject to a number of civil, administrative, tax, regulatory and criminal proceedings relating to their activities. UnipolSai considers that the provisions in its consolidated financial statements for losses which are certain or probable and reasonably estimable are adequate. However the occurrence of new developments, facts and circumstances that were not predictable at the time the relevant provisions were made may result in such provisions being inadequate or mean that the assessment of the appropriate provisions in relation to certain proceedings could be in progress. In certain cases, where the negative outcome of disputes is considered to be only a remote possibility, no specific provisions are made in the Issuer's consolidated accounts. In addition, UnipolSai and its subsidiaries are and may be involved in certain proceedings for which no provisions for contingent liabilities were, or will be, made as the impact of any negative outcome could not be estimated. To the extent UnipolSai or the relevant subsidiary is not successful in some or all of these matters, or in future legal challenges (including potential class actions), the Group's results of operations or financial condition may be materially adversely affected.

For information on legal proceedings currently involving the companies belonging to the Group, see “*Notes to the Financial Statements – Notes to the Statement of Financial Position – Ongoing disputes and contingent liabilities*” in UnipolSai’s consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

#### ***Risks from acquisitions, integration and business combination***

The Group monitors the core businesses in search of opportunities to acquire individual assets or corporations in order to achieve its growth targets or complement its asset portfolio. The acquisitions that the Group has already carried out will, and any future acquisitions may, result in a significant expansion and increased complexity of the Group's operations. Acquisitions require the integration and combination of different management, strategies, procedures, products and services, client bases and distribution networks, with the aim of streamlining the business structure and operations of the newly enlarged group. Acquisitions entail an execution risk, including the risk that the acquirer will not be able to integrate the purchased assets to achieve expected synergies. Any joint investments realised under joint ventures and any other future investments in foreign or domestic companies may result in increased complexity of the Group's operations and there can be no assurance that such investments will be properly integrated with the Issuer's quality standards, policies and procedures to achieve consistency with the rest of the Group's operations. The process of integration may require additional investments and expenses. Failure to successfully integrate investments could have a material adverse effect on the Group's business, financial condition and results of operations, which could have an adverse impact on the Issuer's ability to fulfil its obligations under the Notes.

#### ***Risk related to increased competition***

Competition is intense in all of the Group’s primary business areas in the Republic of Italy. In particular, the Italian insurance market has experienced significant changes in recent years due to the introduction of several laws and regulations as a result of the implementation of a number of insurance directives issued by the European Union. Consequently, direct marketing of non-life and life insurance may be carried out on a cross-border basis and, therefore, it is much easier for insurance companies to operate outside their home State. The development of a single European market, together with the reduction of regulatory restrictions, is also facilitating the growth of new distribution systems, partially replacing the traditional reliance on insurance intermediaries such as agents. Changes in the regulatory regime have also increased competitive pressure on insurance companies in the Italian market in general. Continued consolidation of the insurance industry could lead to market-wide price reductions resulting in pressure on margins. Such competitive pressure may lead to adjustments to policy terms, withdrawal from or reduction of capacity in certain business lines or reduction of prices resulting in decreased margins.

#### ***Risks related to the impairment of goodwill***

The Group has recognised goodwill totalling Euro 508 million as at 30 June 2020. Future events related to trends in the general economy, in the regulatory framework and in the market could reduce the recovery amount of the recognised goodwill so that impairment charges could be required, with an eventual material adverse impact on the Group's financial condition and results of operations. No impact on the solvency position is expected as goodwill is deducted directly from own funds pursuant Solvency II regulation.

### **4. INSURANCE RISKS**

#### ***Risks related to concentration in the non-life business and motor vehicle insurance businesses***

The non-life business and the motor vehicle third-party liability insurance business, in particular, are key sources of the Group’s revenues.

A reduction in average tariffs and premiums or an increase in the average cost of claims, as a result of, among other things, regulatory changes, or an increase in claims frequency, or an adverse change in pay-out periods, or an increase in the rate of claims inflation could have an adverse impact on the Group's profitability and, consequently, on its financial condition, results of operations and cash flows.

In addition, given the Group's significant presence in the motor vehicle third-party liability insurance business, negative trends in the automotive market, such as a continued decline in new car registrations, with a resulting shrinkage of the pool of insured cars, could have an adverse impact on its financial condition, results of operations and cash flows.

See "Notes to the Financial Statements – Risk Report – Risks relating to Non-Life portfolios" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

***Risk related to claims experience that may be inconsistent with the assumptions used to price products and establish reserves***

The earnings of the Group depend significantly on the extent to which its actual claims experience is consistent with the assumptions used in setting product prices and to establish liability for technical provisions and claims. There can be no assurance that actual experience will match these estimates.

The Group has risk exposures to natural catastrophes (such as earthquake, flood and hail) that are mitigated through reinsurance. There is a residual risk that such strategy proves to be insufficient to properly mitigate the above risk given the level of protection bought.

***Risk related to underwriting performance and insurance claims***

Underwriting performance, for both the life and non-life businesses, are an important component of the Group's overall profitability and fluctuations in the frequency and severity of incurred and reported claims can have a material effect on the consolidated results of operations. In addition, fluctuations in the frequency and severity of incurred and reported claims could have a material adverse effect on the Group's consolidated financial condition, results of operations and cash flows. Changes in these factors can be very difficult to predict.

***Risks arising from fraud***

The insurance business is exposed to risks generated by false claims and inaccurate representations of events and damage incurred following accidents suffered or caused by insured persons. The Group has developed a corporate structure designed to prevent, report and fight insurance fraud and other similar types of behaviour as well as a corporate structure based on specific internal procedures aimed at taking, if necessary, the most suitable legal actions.

These procedures have reduced insurance fraud; nonetheless, the Group is exposed to risks resulting from false claims or inaccurate declarations of events and harm suffered by clients or third parties, which can result in a rise in the number of claims and their average cost and, consequently, a reduction in the profitability of the insurance business and, possibly, a negative effect on the economic and/or financial position of the Group.

***Risks associated with the Group's life insurance business***

***Longevity and surrenders***

Life expectancies continue to increase in the world's developed areas. If mortality estimates prove to be inaccurate, liabilities to the policyholders of the Group's insurance companies in connection with pensions and annuity products will increase at a rate faster than expected. This may lead to significant unexpected losses.

Surrenders of deferred annuities and life insurance products can result in losses and decreased revenues if surrender levels differ significantly from assumed levels.

#### *Pandemic*

Assumptions about mortality used in pricing products are based on information deriving from company statistics and market information. These assumptions reflect the best estimate of UnipolSai or the relevant subsidiary for any given year. However, a global pandemic, such as bird flu, swine flu or COVID-19, may produce an increase in mortality in excess of assumptions and the number of claims to be paid being greater than planned. These types of events are considered when assessing and reviewing a variety of financial cover options, such as reinsurance, but such cover may not meet all or even a majority of the Group's liabilities in the event of a pandemic.

#### *Life insurance financial risk*

The investment risk on life assurance portfolios is often shared in whole or in part with policyholders, depending on the product sold. Fluctuations in the fixed income and equity markets will directly affect the financial results of life assurance operations and will also have indirect effects through their impact on the value of technical provisions, which in most cases are related to the value of the assets backing the policy liabilities. Adverse financial markets could increase the risk that the technical reserves of the relevant Group companies do not match all the life insurance liabilities.

#### *Minimum guaranteed returns*

A significant part of the life insurance policies sold in the past by the Group to customers provides a guaranteed minimum return (whilst new policies provide for a minimum return close to zero). A reduction of the return on investments realised by the Group could result in losses for the Group's insurance business, in the event that the effective return is lower than the return guaranteed to customers. In addition, higher interest rates might determine an increase in life policy redemptions, which could materially adversely affect the Group's cash flows, financial condition and results of operations.

#### *Adequacy of resources to meet pension obligations*

There is a risk that provisions for future obligations under customers' pension plans and other defined post-employment benefits offered by the Group to its customers may not be adequate. In assessing the liability of the Group to its policyholders for defined benefit pension plans and other post-employment plans, critical judgements include estimates of mortality rates, rates of employment turnover, disability, early retirement, discount rates, expected long-term rates of return on plan assets, future salary increases, future pension increases and increases in long-term healthcare costs. These assumptions may differ from actual results due to changing economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in changes to pension income or expense recorded in future years.

See "Notes to the Financial Statements – Risk Report – Risks relating to Life portfolios" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus.

#### ***Risks related to the circumstance that reinsurance may not be adequate to protect the insurance business segment against losses***

In the normal course of business, the Group transfers exposure to certain risks in its non-life and life insurance businesses to others through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the Group's losses and expenses associated with reported and unreported claims in exchange for a portion of the premiums. The availability, amount and cost of reinsurance depend on general market conditions and

may vary significantly. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not compensated by premiums paid to the Group, this could adversely affect the Group's results. Also, increasing concentration in the reinsurance market reduces the number of major reinsurance providers and, therefore, could hamper the Group's efforts to diversify in its reinsurance risk.

Any decrease in the amount of the Group's reinsurance cover relative to its primary insurance liability could increase its risk of loss. Reinsurance arrangements do not eliminate the Group's obligation to pay claims and introduce credit risk with respect to the Group's ability to recover amounts due from the reinsurers. While the Group monitors the solvency of its reinsurers through a periodic review of their financial statements, the risk of default by a reinsurer cannot be excluded. Any inability of the Group's reinsurers to meet their financial obligations could materially adversely affect its insurance businesses results.

## **5. RISKS RELATING TO THE LEGAL AND REGULATORY ENVIRONMENT**

### ***Risks related to regulatory compliance and changes in the regulatory framework***

The insurance activities of UnipolSai and its subsidiaries are subject to a number of regulatory provisions, primarily in the Italian territory, where substantially all of its business is currently conducted.

Given the nature of the Group, Group companies are subject to several different regulatory provisions; furthermore, such entities have been in the past – and might be in the future – subject to inspections and stress tests by the competent supervisory authorities, including, without limitation, IVASS, the Italian Securities and Exchange Commission (CONSOB), the European Insurance and Occupational Pensions Authority (EIOPA), *Autorità Garante della Concorrenza e del Mercato* (the Italian antitrust authority), *Commissione di Vigilanza sui Fondi Pensione* (the Italian pensions supervisory authority), *Autorità Garante per la Protezione dei Dati Personali* (the Italian Data Protection Authority) and *Unità di Informazione finanziaria per l'Italia* (the Italian financial intelligence unit).

Furthermore, the Issuer is a listed company and accordingly is subject to extensive regulation and supervision by CONSOB. Regulatory authorities, in particular, IVASS and the Italian antitrust authority have broad jurisdiction over many aspects of the Group's business, including capital adequacy and solvency requirements, marketing, selling and distribution practices, advertising, governance, policy forms, terms of business and permitted investments.

As the applicable insurance regulatory framework is constantly being revised and updated, the Issuer is not able to foresee all potential changes. Moreover, the policies adopted by Group companies to ensure compliance with such framework might become obsolete, thus requiring the Group to constantly monitor and adapt such policies to the changing regulatory environment. New regulatory initiatives, including, *inter alia*, those relating to capital requirements, increasing regulatory and law enforcement scrutiny on anti-money laundering, counter terrorist-financing and international sanctions requirements and more stringent regulatory investigations of the insurance industry, could increase the cost of doing business, affect the competitive balance in general and impair the liquidity and financial position of the Issuer and the Group. Regulatory proceedings as a result of non-compliance with applicable regulations or failure to undertake corrective action could result in adverse publicity for, or negative perceptions regarding, the regulated entity, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against a member of the Group could have a material adverse effect on the business of the Group, its results of operations and/or financial condition. In addition, changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Group operates may adversely affect its product range, distribution channels, capital requirements and, consequently, its results and financing requirements. These changes, which may occur at any time, include possible changes in government pension requirements and policies, the regulation of selling practices and solvency requirements.

As to the applicable EU insurance legal and regulatory framework, risk-based capital and solvency requirements for insurance companies are mainly set forth by Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (the Solvency II Directive), as subsequently amended and supplemented, in particular by Directive 2014/51/EU (the Omnibus II Directive). Implementing provisions of the Solvency II Directive are set forth by EU Commission Delegated Regulation No. 2015/35 as amended by EU Commission Delegated Regulation No 2016/467 (the Solvency II Regulations), aimed at ensuring harmonisation of the Solvency II Directive throughout the European Union, with particular regard to capital requirements and other measures related to long-term investments, requirements on the composition of insurers' own funds as well as remuneration issues. In addition to meeting new regulatory capital requirements, the Solvency II framework requires all insurance and reinsurance undertakings to have in place an effective system of governance which provides for sound and prudent management of the business as well as an effective risk-management system comprising strategies, processes, and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which they are or could be exposed and their interdependencies (the so-called Pillar 2 requirements). Solvency II has also introduced specific requirements as to public disclosure of information and supervisory reporting (so called Pillar 3 requirements) which include, *inter alia*, the submission by insurers of an annual report on their solvency and financial condition, describing their activities and results, operations, risk profile, the principles used to value their assets, their technical provisions and other liabilities, and capital management.

The Solvency II framework entered into force on 1 January 2016. In Italy, the Solvency II Directive was incorporated into national law by Legislative Decree No. 74 of 12 May 2015, which amended and supplemented Legislative Decree No. 209 of 7 September 2005 (the Italian Code of Private Insurance).

The Solvency II framework has been the subject of recent and ongoing review by the European Commission and EIOPA. In particular, amendments have been introduced by Directive (EU) 2019/2177 of 18 December 2019 and Commission Delegated Regulation (EU) 2019/981. Further modifications are expected in the context of the comprehensive Solvency II review as part of the European Commission's call for advice to EIOPA in February 2019. For more information on the amendments to the Solvency II framework, please refer to the "Regulatory Framework" paragraph under section "Description of the Issuer" in the EMTN Base Prospectus, incorporated by reference in this Prospectus.

The ongoing review of the Solvency II framework by the European Parliament and EIOPA may result in adjustments to methods, assumptions and parameters as well as changes in policy options, which may result in more stringent solvency margins and capital requirements and/or a decrease in available capital. As a result of such pending and other possible reviews in the future, the Issuer is not able to predict the regulatory impacts of such revision, as well as the potential relevant implementation cost (if any). Furthermore, ongoing discussions concerning recovery and resolution as a new regulatory tool in the Solvency II framework, also in light of the Key Attributes Assessment Methodology for the Insurance Sector published in August 2020 by the Financial Stability Board will - if such a regime were to be introduced - likely have important implications on European insurers in general and (depending on when such resolution regime will be introduced and become effective and the relevant grandfathering provisions) may affect subordinated capital instruments issued by the Issuer, including the Notes.

More broadly, turmoil in the financial markets may well result in significant regulatory changes affecting financial institutions, including insurance and reinsurance undertakings, as well as reforms aimed at addressing the issue of systemic risk and the perceived gaps in the regulatory framework viewed as having contributed to the financial crisis. New regulatory initiatives could increase the cost of doing business, limit the scope of permissible activities or affect the competitive balance in general.

With reference to primary legislation, please also note Italian Legislative Decree 49 of 10 May 2019 issued in implementation of Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (Shareholder Rights II), which introduced significant amendments to the Consolidated Law on Finance (*Testo Unico dell'intermediazione finanziaria*, **TUF**), including: (a) attribution to issuers of the right to ask intermediaries and central depositories to identify the shareholders holding more than 0.5 per cent. of the share capital with voting rights; (b) new transparency obligations for pension funds and insurance companies, now defined as institutional investors, when they invest in shares of companies listed in Italian or EU regulated markets (for insurance companies it is also necessary to report their investment strategies in the Solvency and Financial Conditions Report); (c) complete voting on the Report on the remuneration policy and compensation paid by the shareholders' meeting, with both sections of the Report now being subject to shareholder vote; and (d) more detailed regulations on transactions with related parties (with the resulting amendment of Art. 2391-bis of the Italian Civil Code), in part referred to CONSOB regulations.

Further implementation of the Shareholder Rights II in Italy is the Legislative Decree No. 84 of 14 July 2020, which, in particular, modifies certain provisions of the TUF regarding the sanctions regime on remuneration and related party transactions and the provisions of the Private Insurance Code on the requirements of the companies' representatives and participants of the insurance companies.

The Legislative Decree No. 84 of 14 July 2020 was published in the *Gazzetta Ufficiale della Repubblica Italiana* (Italian Official Gazette) on 30 July 2020 and entered into force on 14 August 2020, apart from the provisions on the requirements, which need implementation through regulations to be adopted by the Minister of Economic Development within 180 days from the date of entry into force of the Legislative Decree.

In terms of secondary regulations, of specific importance in the insurance sector are the provisions on product oversight and government and insurance distribution which complete the adoption of the Directive EU 2016/97 (the **Insurance Distribution Directive** or **IDD**), incorporated into Italian law by Legislative Decree No. 68 of 21 May 2018, within the Italian legal system. Reference is, in particular, made to the Regulation No. 45 issued by IVASS on 4 August 2020, IVASS Order No. 97 of 4 August 2020 regarding amendments to and integrations of ISVAP Regulations No. 23/2008, No. 24/2008 and to IVASS Regulations No. 38/2018, No. 40/2018 and No. 41/2018 together with CONSOB Resolution No. 21466 of 29 July 2020 concerning the modifications to the CONSOB Regulation establishing the provisions for the implementation of the TUF on intermediaries issued by CONSOB with Resolution No. 20307 of 15 February 2018. The modifications to the regulations and the new regulation apply from 31 March 2021. Other relevant recent changes include the introduction of single family merit bonus class which impacts motor vehicles third party liability insurance. See further the paragraph headed "*Regulatory Framework*" under the section "*Description of the Issuer*" in the EMTN Base Prospectus, incorporated by reference in this Prospectus.

### ***Risk related to Solvency Capital Requirement calculations***

As specified under the section "*Description of the Issuer – Other information relating to the insurance sector*" in the EMTN Base Prospectus, incorporated by reference in this Prospectus, IVASS authorised UnipolSai to use the specific parameters in place of the sub-set of parameters defined in the so-called "Standard Formula" with effect from 1 January 2016. In addition, the UG Group, UnipolSai and Arca Vita S.p.A. are authorised by IVASS to use the so-called "Partial Internal Model" for calculating group and individual Solvency Capital Requirement. See further "*Notes to the Financial Statements – Risk Report – Partial Internal Model*" in UnipolSai's consolidated financial statements as at and for the year ended 31 December 2019, incorporated by reference in this Prospectus. Solvency II requires insurance undertakings to continue to satisfy a number of post-approval requirements; in case of non-compliance with such post-approval requirements triggering material effects, IVASS may require insurance undertakings to either calculate their Solvency Capital

Requirement (SCR) in accordance with the so-called “Standard Formula” or add on a specific required capital charge if the internal model no longer captures the overall risk.

### ***Risk related to supervisory requirements and policy measures developed by the IAIS***

The IAIS has developed three tiers of supervisory requirements and actions applicable to the insurance industry. These include:

- Insurance Core Principles (**ICPs**) that are intended to apply to the supervision of all insurers and insurance groups, regardless of size, complexity or systemic importance;
- a common framework (**ComFrame**) for the supervision of internationally active insurance groups (**IAIGs**); and
- a risk based, global insurance capital standard (the Insurance Capital Standard, **ICS**) applying to IAIGs, to be enforced by the national regulators.

The IAIS formally adopted ComFrame and ICS Version 2.0 in November 2019. Implementation of ICS Version 2.0 will be conducted in two phases: firstly, ICS Version 2.0 will be used for confidential reporting to group-wide supervisors and discussion in supervisory colleges during a “monitoring period” that will last for five years. The ICS will not be used as a prescribed capital requirement in this phase; secondly, ICS will be implemented as a group-wide prescribed capital requirement.

The IAIS has furthermore adopted the holistic framework for assessment and mitigation of systemic risk in the insurance sector, for implementation from the beginning of 2020. The framework consists of an enhanced set of supervisory policy measures and powers of intervention, an annual IAIS global monitoring exercise, and collective discussion on the outcomes and appropriate supervisory responses, along with a robust implementation assessment.

These and other measures and policies adopted by the IAIS from time to time could have a significant effect on the Group’s business, financial condition or results of operations, and impact the Group’s capital requirements and its competitive position vis-à-vis other insurance groups that are not subject to these more stringent policy measures.

### ***Risk related to the application of the General Data Protection Regulation***

The General Data Protection Regulation (Regulation (EU) 2016/679, the GDPR) – which repealed the Data Protection Directive (95/46/EC) and is applicable from 25 May 2018 – aims at strengthening data protection and providing a consistent and harmonised regulatory framework for the processing of personal data within the European Union (EU). The Italian government approved Legislative Decree No. 101 of 10 August 2018 for the purpose of harmonising the existing national legal framework with the new GDPR provisions and implementing those requirements addressed to Member States. The GDPR applies to the processing of personal data<sup>1</sup> in the context of the activities of an establishment of a controller or a processor in the European Union, regardless of whether the processing takes place in the EU or not. In addition, it applies to the processing of personal data of data subjects who are in the EU by a controller or processor not established in the Union, where the processing activities are related to (i) the offering of goods or services to data subjects in the EU, or (ii) the monitoring of their behaviour which takes place within the EU. Therefore, the GDPR applies even to organisations processing personal data in the European Union, which have no presence within the EU.

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<sup>1</sup> Any information concerning an identified or identifiable natural person.



The GDPR has resulted in a real change of philosophy, introducing a Personal Data governance system based on a high and substantial accountability of the controller, who has to guarantee and be able to demonstrate compliance with the GDPR.

Broadly, the main changes introduced by the GDPR include the following areas: (i) a single and directly applicable regulation across the EU; (ii) increased enforcement powers for the data protection Authorities with the ability to impose administrative fines up to 4 per cent. of total worldwide annual turnover (or up to 2 per cent. for breach of certain provisions); (iii) the introduction of a new EU-wide advisory body, the European Data Protection Board, replacing the “Article 29 Working Party”; (iv) a single lead supervisory Authority for handling issues connected with data processing operations performed in multiple jurisdictions of the EU; (v) the introduction of new principles, such as the aforementioned principle of accountability; (vi) the obligation, under certain circumstances, to appoint an independent Data Protection Officer; (vii) strengthening the rights of data subjects, including the “right to be forgotten” and the right to data portability; and (viii) provisions for mandatory notification of personal data breach to the Supervisory Authorities and, upon certain conditions, to data subjects.

The changes introduced by the GDPR have important impacts on the Group, as well as the European insurance market in general, as a result of, *inter alia*, an increase in compliance costs and obligations, with particular reference to the need of implementing and updating, where necessary, adequate safeguards, appropriate technical and organisational security measures and mechanisms to ensure a level of security appropriate to the risk.

#### ***Risk related to the transposition of the Insurance Distribution Directive***

The Insurance Distribution Directive which is the recast of Directive 2002/92/EC, as amended or superseded (the Insurance Mediation Directive, **IMD**), was adopted by the European Parliament and the Council on 20 January 2016 and was incorporated into Italian law by Legislative Decree No. 68 of 21 May 2018, which amended and supplemented the Italian Code of Private Insurance and Legislative Decree No. 58/1998.

Broadly, the IDD, which is a minimum harmonisation directive, introduces, *inter alia*, the following changes: (i) extended scope to cover the distribution of insurance and reinsurance products, whether directly by an insurance undertaking or indirectly by an insurance intermediary or, provided that a number of conditions are met, an ancillary insurance intermediary; (ii) more stringent disclosure and transparency requirements, including information on remuneration and introduction of a standardised information document for non-life insurance products (the Insurance Product Information Document, **IPID**); (iii) introduction by Member States of rules to ensure that distributors are not remunerated and do not remunerate or assess the performance of their employees in a way that conflicts with the duty to act in the best interests of customers; (iv) enhanced professional knowledge and competence requirements for persons involved in distribution activities; (v) introduction of new rules on POG; (vi) information requirements on cross-selling and bundling; and (vii) additional specific disclosure and transparency requirements and conduct of business rules (including rules on conflicts of interests; inducements; assessment of suitability and appropriateness; and rules applicable to non-complex insurance products) for insurance-based investment products.

Certain elements of the IDD have been further specified in two delegated regulations adopted by the European Commission on 21 September 2017, namely, Commission Delegated Regulation (EU) 2017/2358 of 21 September 2017, supplementing IDD with regard to POG requirements for insurance undertakings and insurance distributors, and Commission Delegated Regulation (EU) 2017/2359 of 21 September 2017, supplementing IDD with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investments products (**IBIPs**) (the **IDD Delegated Regulations**). The IDD Delegated Regulations are supplemented by related guidelines, technical advices and measures, such as Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the IPID, EIOPA’s October 2017 “Guidelines on IBIPs that incorporate a structure which makes it difficult for the customer to understand the risks involved” (complex insurance products) and

its Technical Advice of April 2019 concerning the integration of sustainability risks and factors in investment decision and insurance distribution processes as well as measures from IVASS in implementation of the IDD.

The changes introduced by the IDD (and future integrations and amendments) are likely to have a significant effect on the Group as well as the European insurance market, including, *inter alia*, increase of costs, compliance obligations regarding distribution requirements, information disclosure and business practices, and an impact on distribution channels.

#### ***Risk related to the entry into force at national level of the Anti Money Laundering Directive***

Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (**5AMLD**) became effective on 9 July 2018, following its publication in the Official Journal of the European Union. The 5AMLD has further amended the Fourth Anti-Money Laundering Directive (2015/849/EU) (**4AMLD**) which introduced increased enforcement powers for supervisory authorities with the ability to impose fines on financial institutions of up to 10 per cent. of total annual consolidated turnover. The 5AMLD has been implemented in Italy by Legislative Decree No. 125 of 4 October 2019, which came into effect on 10 October 2019, and amends in several significant ways certain elements of the 4AMLD, including in relation to the following areas: (i) wider scope of regulation; (ii) increased responsibility for the ultimate parent company of financial groups; (iii) broader access and establishment of a centralised national register of beneficial owners information; and (iv) enhanced due diligence for high-risk third countries. Furthermore, Commission Delegated Regulation (EU) 2019/578 of 31 January 2019 supplementing the 4AMLD has introduced further limitation to European financial groups operating in third countries whose law does not permit the implementation of group-wide policies and procedures of the 4AMLD, by requiring additional measures to mitigate money laundering and terrorist financing risks at the level of branches/subsidiaries of the group established in such third countries.

The changes introduced by the 4AMLD, as amended by the 5AMLD, and by the Italian implementing legislation are likely to have a significant impact on the Issuer, in relation to its quality as an insurance company and to its life insurance business as well as the European insurance market in general, as a result of the more stringent requirements that will lead to increased costs of compliance.

### **RISK FACTORS RELATING TO THE NOTES**

*The following may not be an exhaustive list of 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 risks below have been classified into the following categories:

1. Risks relating to the structure of the Notes
2. Risks related to interest payments
3. Risks related to the Notes generally
4. Risks related to the market generally

#### **1. RISKS RELATING TO THE STRUCTURE OF THE NOTES**

***The Issuer's obligations under the Notes are deeply subordinated, and on insolvency, winding-up or dissolution of the Issuer investors may lose some or all of their investment in the Notes***

The Notes constitute direct, unsecured and subordinated obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and:

- (i) junior to (x) any Senior Notes; (y) any other unsubordinated obligations of the Issuer (including policyholders of the Issuer); and (z) dated subordinated obligations which constitute (or would, but for any applicable limitation on the amount of such capital constitute) Tier 2 Own Funds, including as a result of grandfathering, or Tier 3 Own Funds; the €750,000,000 Fixed/Floating Undated Subordinated Notes issued by UnipolSai on 18 June 2014 (XS1078235733) after they cease to be grandfathered as Tier 1 Own Funds; and any other subordinated obligations of the Issuer other than those which rank, or are expressed to rank *pari passu* with, or junior to, the Notes;
- (ii) at least equally with all other subordinated obligations of the Issuer which constitute (or would, but for any applicable limitation on the amount of such capital constitute) Tier 1 Own Funds, including as a result of grandfathering and any other subordinated obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes; and
- (iii) senior to the Issuer's payment obligations in respect of (x) any Junior Securities and (y) any other subordinated obligations of the Issuer which rank, or are expressed to rank, junior to the obligations of the Issuer to the Holders in respect of the Notes,

in each case, save for certain obligations required to be preferred by law.

By virtue of such subordination, in an insolvency, winding-up or dissolution of the Issuer the assets of the Issuer would be applied first in satisfying all claims which rank senior to the Notes, in full, and payments would be made to Holders, *pro rata* and proportionately with payments made to holders of any other obligations which rank *pari passu* with the Notes (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such claims which rank senior to the Notes. A Holder may therefore recover a smaller proportion of its claim than the holders of unsubordinated liabilities or liabilities of the Issuer that are not as deeply subordinated as the Notes, or may not recover any part of its investment in the Notes.

Furthermore, the Conditions will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date. The incurrence of any such liabilities may reduce the amount (if any) recoverable by Holders on an insolvency, winding-up or dissolution of the Issuer and/or may increase the likelihood of a cancellation of interest under the Notes.

In addition, investors should be aware that, upon a Trigger Event occurring, following a Write-Down of the Notes (which may occur on one or more occasions) which is not followed by a Write-Up (in part or in full to the Original Principal Amount), Holders will have a reduced claim to the extent that the then Prevailing Principal Amount is less than the Original Principal Amount (which may effectively amount to zero) in an insolvency, winding-up or dissolution of the Issuer. This may be the case even if other existing subordinated indebtedness or share capital remains outstanding and provable in full in an insolvency, winding-up or dissolution, with the effect that any sums recovered in respect of the Notes (if any) may be substantially lower than the relative recovery made by holders of instruments which rank *pari passu* with or junior to the Notes. There is a risk that Holders will lose substantially the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of holders of the Notes or of securities subordinated to the same or greater extent as the Notes, in an insolvency, winding-up or dissolution of the Issuer or otherwise.

The Conditions also provide that each Holder unconditionally and irrevocably waives any right of set-off, netting, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Notes or the Coupons.

Furthermore, if the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be subject to an insolvency, winding-up or dissolution or that a Trigger Event or a Regulatory Deficiency might occur, such circumstances can be expected to have an adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes.

Investors who sell their Notes in such circumstances may lose some or substantially all of their investment in the Notes, whether or not the Issuer is subsequently subject to an insolvency, winding-up or dissolution or a Trigger Event or a Regulatory Deficiency occurs.

***The Notes have no fixed maturity or redemption date and Holders only have a limited ability to exit their investment in the Notes***

The Notes have no fixed maturity or redemption date. Although the Issuer may, at its option, under certain circumstances described in the Conditions, redeem the Notes, it is under no obligation to do so and Holders have no right to require the Issuer to exercise any right it may have to redeem the Notes.

Prospective investors should be aware that they may be required to bear the financial risks associated with an investment in long term securities. Holders have no ability to exit their investment, except (i) in the event of the Issuer exercising its rights to redeem the Notes in accordance with the Conditions, (ii) by selling their Notes or (iii) in the event the Notes become immediately due and payable in case voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the duration of the Issuer is set at 31 December 2050 although, if this is extended, redemption of the Notes will be equivalently adjusted), as applicable); or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority, in which limited circumstances the Holders may receive some of any resulting liquidation proceeds following payment being made in full to all unsubordinated and more senior subordinated creditors (see also “*The Issuer’s obligations under the Notes are deeply subordinated, and on insolvency, winding-up or dissolution of the Issuer investors may lose some or all of their investment in the Notes*” above and “*The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down*” below). The proceeds, if any, realised by any of the actions described in (ii) and (iii) above or where the Issuer elects to redeem the Notes pursuant to its option under Condition 6.3 (*Redemption at the Option of the Issuer*), or as a result of the occurrence of a Tax Event, a Regulatory Event, a Rating Event or pursuant to Condition 6.4 (*Clean-Up Call Option*) (in each case where permitted in accordance with the Conditions) may be substantially less than the Original Principal Amount of the Notes or the amount of the investor’s investment in the Notes. See also “*The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down*” and “*The Issuer may redeem the Notes at the Issuer’s option or in certain circumstances and subject to certain conditions*” below.

***There are no events of default under the Notes; the Notes provide Holders with limited rights and remedies***

The Conditions do not provide for events of default allowing acceleration of the Notes, and Holders may not accelerate the Notes except in the limited circumstances set out in the following paragraph. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest (to the extent not cancelled pursuant to the Conditions), 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.

Any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at their Prevailing Principal Amount, together with accrued interest (to the extent not cancelled pursuant to the Conditions) to the date of repayment, without presentment, demand, protest or other notice of any kind only if an order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer, otherwise than for the purpose of: (i) a Permitted Reorganisation; or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement) (an **Enforcement Event**).

A cancellation of interest in accordance with the Conditions, as described under the risk factor entitled “*Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer; Cancelled interest payments shall not be due and shall not accumulate or be payable at any time thereafter and Noteholders shall have no rights thereto*” below or any reduction in the Prevailing Principal Amount of the Notes (and related cancellation of accrued interest) as described under the risk factor entitled “*The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down*”, shall not constitute a default under the Notes for any purpose.

In an insolvency, winding-up or dissolution of the Issuer, the risks described under the risk factor entitled “*The Issuer’s obligations under the Notes are deeply subordinated, and on an insolvency, winding-up or dissolution of the Issuer investors may lose some or all of their investment in the Notes*” above and the risk factor entitled “*The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down*” below shall apply.

These features, taken together, mean that there is a significant risk that an investor may not be able to recover its investment in the Notes.

***The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down***

If a Trigger Event occurs, (i) the Prevailing Principal Amount of the Notes will be written down by the Write-Down Amount determined pursuant to Condition 8.2 (*Write-Down*) and (ii) all accrued but unpaid interest up to (and including) the Write-Down Effective Date shall be cancelled, as further described in the Conditions. Investors should note that, in the case of any such reduction of the Prevailing Principal Amount of each Note pursuant to Condition 8.2 (*Write-Down*), the Issuer's determination of the relevant amount of such reduction shall, in the absence of manifest error, be binding on the Noteholders.

The Issuer may determine that a Trigger Event has occurred on more than one occasion and each Note may be subject to a Write-Down on more than one occasion.

Although the Conditions grant the Issuer full discretion to reinstate the Prevailing Principal Amount of the Notes which have been reduced as a result of Write-Down(s) provided certain conditions are met, the Issuer is under no obligation to do so. Moreover, the Issuer’s ability to Write-Up the Prevailing Principal Amount of the Notes depends on a number of conditions being met, including that the Write-Up occurs on the basis of profits which contribute to Distributable Items made subsequent to compliance with the Solvency Capital Requirement. It is possible that changes to the Applicable Regulations may impose other limits on the Issuer’s ability to Write-Up the Prevailing Principal Amount of the Notes from time to time. No assurance can be given that these conditions will ever be met. Furthermore, the Issuer shall endeavour that each Write-Up of the Notes will take place on a *pro-rata* basis with the concurrent (or substantially concurrent) write-up of other Loss Absorbing Written Down Instruments with similar write-up provisions to those contained in the Notes, on the basis of their respective prevailing principal amounts, provided however that any failure by the Issuer to write-up the Notes on at least a *pro-rata* basis with the write-up of any other Loss Absorbing Written Down Instruments shall not constitute any default by, and will not give the Noteholders any rights against, or entitlement to compensation from, the Issuer. In addition, any decision by the Issuer to effect or not to effect any Write-Up on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion.

Interest (subject to cancellation pursuant to the Conditions) will accrue only on the Prevailing Principal Amount of the Notes outstanding from time to time. Accordingly, any Write-Down will (unless and until the amounts of principal so written down have been subsequently subject to a Write-Up (in full to the Original Principal Amount) affect the amount of interest which may (subject to cancellation pursuant to the Conditions) be payable on the Notes. Furthermore, all redemption rights of the Issuer pursuant to the Conditions are exercisable at the Prevailing Principal Amount of the Notes at the time of redemption (together with accrued and unpaid interest to the redemption date, to the extent not otherwise cancelled pursuant to the Conditions) and, accordingly, if the Issuer were to redeem the Notes at a time when the Prevailing Principal Amount is less

than the Original Principal Amount, Holders will not be entitled at any time to repayment of the difference in such principal amounts, even if the Issuer subsequently writes up principal on other instruments which (until redemption of the Notes) ranked *pari passu* with, or junior to, the Notes.

If an insolvency, winding-up or dissolution of the Issuer occurs prior to the Notes being subject to a Write-Up in full to the Original Principal Amount, Holders' claims for principal will be based on the then Prevailing Principal Amount of the Notes (which may be less than the Original Principal Amount).

As a result, if a Trigger Event occurs, Holders may lose some or substantially all of their investment in the Notes. In addition, any actual or anticipated indication that a Trigger Event is likely to occur may have an adverse effect on the market price and liquidity of the Notes.

***The occurrence of a Trigger Event may depend on factors outside of the Issuer's control***

A Trigger Event shall occur if the Issuer or the Lead Regulator determines that any of the following has occurred:

- (i) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is equal to or less than 75% of the Solvency Capital Requirement (on a solo or, as the case may be, group basis);
- (ii) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement (on a solo or, as the case may be, group basis); or
- (iii) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is less than the Solvency Capital Requirement (on a solo or, as the case may be, group basis) for a continuous period of three months from the date when non-compliance with the Solvency Capital Requirement was first observed.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control, including actions that the Issuer is required to take at the direction of the Lead Regulator and regulatory changes. The Lead Regulator could require the coverage for any Solvency Capital Requirement or Minimum Capital Requirement to be calculated on or as of any date and so a Trigger Event could occur potentially at any time. Moreover, the Lead Regulator may decide that the Issuer should allow a Trigger Event to occur and for the Notes to be written down at a time when it may be feasible to avoid this.

The ability to meet each applicable Solvency Capital Requirement and Minimum Capital Requirement could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's earnings or dividend payments, the mix of its businesses, its ability to effectively manage its assets and liabilities in both its ongoing businesses and those it may seek to exit, losses in its various businesses, or other factors, including those described in the risk factors under "*Factors that may affect the Issuer's ability to Fulfil its Obligations under Notes*" above. Prudential calculations may also be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Group (nor for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 23 October 2020, Unipol Gruppo S.p.A.) will the Issuer's parent company have any such obligation), that affect the business and operations of the Group (or, if relevant, the Parent Group) or the applicable Solvency Capital Requirements and Minimum Capital Requirements, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes. See further the risk factor entitled "*The Issuer's interests may not be aligned with those of investors in the Notes*" below.

Investors may receive only limited, if any, warning of any deterioration in the solvency ratios of the Issuer (on a solo and, if applicable, group basis) or (for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company) of the Parent Group which are relevant to the occurrence of a Trigger Event. In addition, the Lead Regulator may require calculation of any such relevant solvency ratios as at any date or may itself determine that a Trigger Event has occurred. Moreover, any indication that any relevant solvency ratio of the Issuer (on a solo or, if applicable, group basis) or, if relevant, of the Parent Group is moving towards the level of a Trigger Event may have an adverse effect on the market price of the Notes. A decline or perceived decline in the Issuer's solvency position (on a solo or, if applicable, group basis) or, if relevant, that of the Parent Group may significantly affect the trading price of the Notes.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Prevailing Principal Amount of the Notes may be subject to Write-Down and the extent of any Write-Down. In the event a Trigger Event occurs all accrued but unpaid interest up to (and including) the Write-Down Effective Date shall be cancelled, as further described in the Conditions. Please also refer to the risk factor entitled *"Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer; Cancelled interest payments shall not be due and shall not accumulate or be payable at any time thereafter and Noteholders shall have no rights thereto"* below.

Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities. Any indication that the Issuer (on a solo or, if applicable, group basis) or, in the circumstances described above, the Parent Group may be at risk of failing to meet any applicable Solvency Capital Requirement or Minimum Capital Requirement and so approaching a level that would or could in time result in a Trigger Event may have an adverse effect on the market price and liquidity 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 other types of subordinated securities, including the Issuer's other subordinated debt securities.

#### ***The Issuer's interests may not be aligned with those of investors in the Notes***

The Issuer's satisfaction of each applicable Solvency Capital Requirement and Minimum Capital Requirement and the availability of Distributable Items, as well as there being no occurrence of a Trigger Event and/or a Regulatory Deficiency, may depend at least in part on decisions made by each of the Issuer, other entities in the Group and (for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company), the Issuer's parent and entities in the Parent Group (in each case, if relevant for the calculation of the Solvency Capital Requirement and Minimum Capital Requirement) (for the purposes of these risk factors, each a **Relevant Undertaking** and together, the **Relevant Undertakings**) relating to their businesses and operations, as well as the management of their capital positions. The Relevant Undertakings consider the interests of all their stakeholders in connection with their strategic decisions, including in respect of capital management, group structure and infra-group relationships, and the interests of the Holders may be outweighed by those of other stakeholders in certain circumstances. A Relevant Undertaking may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event or a Regulatory Deficiency or have other consequences with respect to the Notes. For example, the Issuer may decide not to propose to its shareholders to reallocate share premium to a distributable reserve account or to take other actions necessary in order for share premium or other reserves or earnings to be included in its Distributable Items. The Issuer may decide from time to time to take other actions (for example share buybacks), which may themselves negatively impact its Distributable Items; and each Relevant Undertaking may take actions which may affect the applicable Solvency Capital Requirements and Minimum Capital Requirements and/or have other consequences with respect to the Notes. Holders will not have any claim against any Relevant Undertaking relating to decisions that affect the capital position of the Issuer (on a solo or, if applicable, group basis) or, in the circumstances described above, of the Parent Group, regardless of whether they result in the occurrence of a Trigger Event or a Regulatory Deficiency, a lack of Distributable Items and/or breach of the applicable Solvency Capital Requirements and Minimum Capital Requirements and/or have other consequences with respect to the Notes. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes. Please also refer to the risk factor entitled *"Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer; Cancelled*

*interest payments shall not be due and shall not accumulate or be payable at any time thereafter and Noteholders shall have no rights thereto” below.*

***Changes to Solvency II may increase the risk of the occurrence of a Trigger Event, cancellation of interest or the occurrence of a Regulatory Event***

Solvency II requirements adopted in Italy, whether as a result of further changes to Solvency II or changes to the way in which IVASS interprets and applies these requirements to the Italian insurance industry, may change. Any such changes, either individually and/or in the aggregate, may lead to further unexpected requirements in relation to the calculation of each applicable Solvency Capital Requirement and/or Minimum Capital Requirement, and such changes may make the regulatory capital requirements of the Issuer (on a solo or, if applicable, group basis) and/or (for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company), of the Parent Group more onerous. Such changes may negatively affect the calculation of the applicable Solvency Capital Requirement and/or Minimum Capital Requirement and thus increase the risk of (i) cancellation of interest and/or the occurrence of a Regulatory Deficiency, (ii) a Trigger Event occurring, resulting in a Write-Down and/or (iii) a Regulatory Event occurring, potentially entitling the Issuer to redeem the Notes at their Prevailing Principal Amount at the relevant time (which may be less than their Original Principal Amount). A Holder could lose all or part of the value of its investment in the Notes as a result of any of the foregoing.

In addition, given that the Notes will comprise a proportion of the Issuer’s regulatory capital, the occurrence of a Regulatory Event in relation to the Notes (or any other capital instrument issued by any Relevant Undertaking) may cause a Trigger Event to occur and the Notes would then be subject to a Write-Down (even in circumstances where the Notes no longer counted as Tier 1 Own Funds of the Issuer (on a solo or, if applicable, group basis) and/or (for so long as the Issuer falls within the Solvency II scope of consolidation of its parent) of the Parent Group).

Please also refer to the risk factor entitled “*The Issuer may redeem the Notes at the Issuer’s option or in certain circumstances and subject to certain conditions*” below.

***The Issuer may redeem the Notes at the Issuer’s option or in certain circumstances and subject to certain conditions***

Pursuant to the relevant provisions of Conditions 6 (*Redemption and Purchase*), the Issuer has the right, in its sole and full discretion but subject to the satisfaction of the conditions to redemption as set out in Condition 7 (*Conditions for Redemption and Purchase*) (but subject to rescission of the relevant redemption notice upon the occurrence of a Trigger Event pursuant to Condition 6.9 (*Trigger Event and Optional Redemption*)), to redeem the Notes in whole but not in part (i) on any Optional Redemption Date, (ii) if a Tax Event has occurred, (iii) if a Regulatory Event has occurred, (iv) if a Rating Event has occurred, or (v) in the event that at least 80 per cent. of the Original Principal Amount of the Notes have been purchased or redeemed by the Issuer, in each case at their Prevailing Principal Amount (which may be less than the Original Principal Amount), together with (to the extent not otherwise cancelled pursuant to the Conditions) any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption.

In the case of any such early redemption, an investor may not be able to reinvest the redemption proceeds at an effective interest rate which is as high as the interest rate on the Notes being redeemed, and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the Issuer’s ability to redeem the Notes at its option in certain limited circumstances may affect the market value of the Notes. In particular, during any period when the Issuer has the right to elect to redeem the Notes or the market anticipates that redemption might occur, the market value of the Notes generally would not be expected to rise substantially above the redemption price because of the optional redemption feature. This may also be true prior to any redemption period.



Please also refer to the risk factor entitled “*Redemption of the Notes must be deferred by the Issuer in certain circumstances*” below.

***Redemption of the Notes must be deferred by the Issuer in certain circumstances***

Pursuant to Condition 7 (*Conditions to redemption and Purchase*), in the event that the Conditions for Redemption and Purchase are not satisfied (except in the limited circumstances in which Condition 7(c) applies), redemption of the Notes shall be suspended and the date fixed for optional redemption of the Notes pursuant to Condition 6 (*Redemption and Purchase*) shall be postponed in accordance with the provisions set forth in Condition 7(d), regardless of any prior notice of redemption that may already have been delivered to the Noteholders. If the redemption of the Notes is suspended and the Notes have not been redeemed for the reasons set out above, Holders will not receive any additional compensation for the postponement of such redemption, provided that interest will, subject to Condition 3 (*Cancellation of Interest*) and Condition 8.2(a)(ii), continue to accrue on the Principal Amount Outstanding of the Notes in accordance with Condition 4 (*Interest*) until such Notes are redeemed in full pursuant to the Conditions.

Failure to redeem the Notes on the date fixed for redemption as a result of a suspension and postponement of the date fixed for optional redemption of the Notes in accordance with the provisions set forth in Condition 7(d) shall not constitute a default of the Issuer or any other breach of obligations under the Conditions for any purpose.

Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral feature, including securities where redemption on a redemption date cannot be deferred, and the Notes may accordingly be more sensitive generally to adverse changes in the Issuer’s financial condition. Investors in the Notes may also find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, investors may lose some or substantially all of their investment in the Notes.

***Other regulatory capital instruments may not be subject to a write down***

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date of this Prospectus by any Relevant Undertaking may vary and, accordingly, such instruments may not convert into equity or be written down at the same time, or to the same extent, as the Notes, or at all. Further, regulatory capital instruments issued by a Relevant Undertaking with terms that require such instruments to be converted into equity and/or written down when a solvency or capital measure falls below a certain threshold, may not be converted or written down in case of the occurrence of a Trigger Event if: (a) the relevant capital or solvency measure for triggering a conversion or write down, as the case may be, under those instruments is calculated differently from the capital or solvency measures set out in the definition of Trigger Event; or (b) the events triggering a conversion or write down, as the case may be, under the terms of those instruments are determined with respect to a different group or sub-group of entities. Therefore, the Notes may be subject to a greater degree of loss absorption than would otherwise have been the case had such other instruments been written down or converted at the same time as or prior to the Notes.

***Modification of the terms of the Notes upon the occurrence of a Regulatory Event, a Tax Event or a Rating Event***

In accordance with Condition 16.4 (*Modification following a Regulatory Event, Tax Event or Rating Event*), the Issuer may, without any requirement for the consent or approval of the Noteholders, modify the terms of the Notes to the extent that such modification is reasonably necessary to ensure that no such Regulatory Event, Tax Event or, as applicable, Rating Event would exist after such modification, provided the conditions set out in Condition 16.4 are satisfied (including, without limitation, the prior approval (if required) of the Lead Regulator).

Whilst the terms of the Notes as so modified may not be – in the Issuer's reasonable determination after having consulted an independent investment bank of international standing – more prejudicial to Noteholders than the terms applicable to the Notes prior to such modification, there can be no assurance that, due to the particular circumstances of each Holder, such varied Notes will be as favourable to each Holder in all respects.

## **2. RISKS RELATED TO INTEREST PAYMENTS**

***Interest Payments under the Notes may and, in certain circumstances, must be cancelled by the Issuer; Cancelled interest payments shall not be due and shall not accumulate or be payable at any time thereafter and Noteholders shall have no rights thereto***

Interest on the Notes will be due and payable only at the sole and absolute discretion of the Issuer and is subject to mandatory cancellation in the circumstances described below.

The Issuer may at any time elect to cancel any interest otherwise due or scheduled to be paid, in whole or in part, on any scheduled payment date and if it elects to do so such interest (or part thereof) will be cancelled permanently.

As further described below, payments of interest on the Notes on an Interest Payment Date may be limited by the amount of the Issuer's Distributable Items in that a Regulatory Deficiency, which is a Mandatory Cancellation Trigger, shall be deemed to have occurred in respect of such Interest Payment Date if the amount of the relevant interest payment, when aggregated with any Additional Amounts payable respect thereto, interest payments or distributions which have been paid and made (or are scheduled to be paid or made simultaneously) on all other Tier 1 Own Funds of the Issuer (excluding any such payments which do not reduce the Distributable Items and any payments, scheduled payments or accruals already accounted for by way of deduction in determining the Distributable Items) since the end of the last financial year to (and including) such Interest Payment Date, would exceed the amount of Distributable Items available on such Interest Payment Date. The Conditions do not contain any restriction on the ability of the Issuer to pay dividends or other distributions on its share capital or other subordinated bonds (other than as set out in Condition 2.1 (*Subordination*)). This could decrease the Issuer's Distributable Items and therefore increase the likelihood of a cancellation of interest otherwise due or scheduled to be paid on the Notes. Furthermore, the Issuer is not prohibited by the Conditions from making payments on other securities ranking senior, equally with or more junior to the Notes in any circumstances (other than as set out in Condition 2.1 (*Subordination*)). Please also refer to the risk factor entitled "*The Issuer's interests may not be aligned with those of investors in the Notes*" above. At the time of publication of this Prospectus, it is the intention of the directors of the Issuer to take into account the relative ranking in the Issuer's capital structure of its share capital and its outstanding restricted Tier 1 securities (including, but not limited to, the Notes) whenever exercising its discretion to declare dividends on the former or to cancel interest on the latter. However, the directors of the Issuer may depart from this policy at any time in their sole discretion.

In addition to the Issuer's right to cancel interest otherwise due or scheduled to be paid in whole or in part at any time, the Conditions require that interest otherwise due or scheduled to be paid are cancelled under certain circumstances. The Issuer must cancel any interest on the Notes if a Regulatory Deficiency has occurred. Also, if a Trigger Event occurs, all accrued but unpaid interest up to (and including) the Write-Down Effective Date shall be cancelled, as further described in the Conditions. The circumstances in which the Issuer is required to cancel interest otherwise due or scheduled to be paid on the Notes may depend on factors, some of which may be outside the Issuer's control. Please also refer to the risk factor entitled "*The occurrence of a Trigger Event may depend on factors outside of the Issuer's control*" above.

Any interest (or relevant part thereof) which is cancelled shall not accumulate and shall not become due and payable at any time thereafter. In the event of such cancellation, Holders will have no rights in respect of the interest (or relevant part thereof) which is cancelled. In addition, cancellation or non-payment of interest will not constitute an event of default on the part of the Issuer for any purpose.

The cancellation of any interest otherwise due or scheduled to be paid (or a market perception that such cancellation is becoming increasingly likely) may significantly adversely affect the market value of an investment in the Notes. Please also refer to the risk factor entitled “*The level of the Issuer’s Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer’s ability to make payments of interest on the Notes*” below.

Also, interest (subject to cancellation pursuant to the Conditions) will accrue only on the Prevailing Principal Amount of the Notes outstanding from time to time. Accordingly, any Write-Down will (unless and until the amounts of principal so written down have been subsequently subject to a Write-Up (in full to the Original Principal Amount)) affect the amount of interest which may (subject to cancellation pursuant to the Conditions) be payable on the Notes. Please also refer to the risk factor entitled “*The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down.*”

In addition, as a result of the interest cancellation provisions of the Notes and the fact that interest (subject to cancellation pursuant to the Conditions) will accrue only on the Prevailing Principal Amount of the Notes outstanding from time to time, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation or accrual only on the Prevailing Principal Amount, and may be more sensitive generally to adverse changes in the financial condition of the Issuer. Holders should be aware that any actual cancellation, or announcement relating to the future cancellation, of interest otherwise due or scheduled to be paid on the Notes (or cancellation or anticipated cancellation of interest on other securities issued by the Issuer), or the write-down of the Prevailing Principal Amount of the Notes to below their Original Principal Amount, may have an adverse effect on the market price of the Notes. Holders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, investors may lose some or substantially all of their investment in the Notes.

***The level of the Issuer’s Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer’s ability to make payments of interest on the Notes***

As at 31 December 2019, the Issuer’s Distributable Items amounted to approximately €3,541 million (€3,245 million as at 31 December 2018) (calculated in accordance with Italian GAAP, as integrated by provisions set forth in Title VIII of the Insurance Code, of Legislative Decree 173 of 26 May 1997 and Regulation no.22/2008 of ISVAP (now IVASS), as amended.). The level of the Issuer’s Distributable Items is affected by a number of factors, principally its ability to make a profit on its activities in a manner which creates Distributable Items.

Consequently, the Issuer’s future Distributable Items and, therefore, the Issuer’s ability to make payments of interest on the Notes are a function of the Issuer’s existing Distributable Items, future profitability and performance and the ability to distribute dividends from the Issuer’s operating subsidiaries to the Issuer. In addition, the Issuer’s Distributable Items may also be reduced by the servicing of other debt and equity instruments.

The ability of the Issuer’s subsidiaries to pay dividends and the Issuer’s ability to receive distributions and other payments from the Issuer’s investments in other entities is subject to applicable local laws, accounting practices and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer’s operating subsidiaries, which could in turn restrict the Issuer’s ability to fund other operations or to maintain or increase its Distributable Items.

***The Notes may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date***

The Notes may trade, and/or the prices for the Notes may appear, on the Official List of the Luxembourg Stock Exchange and in other trading systems with accrued interest. If this occurs, purchasers of Notes in the

secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date. This may affect the value of any investment in the Notes.

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

In particular, the Rate of Interest applicable to the Notes will be reset on the First Reset Date and on every Reset Date thereafter, in accordance with Condition 4 (*Interest*). Such Rate of Interest will be determined two TARGET Settlement Days before the relevant Reset Date and as such is not pre-defined at the date of issue of the Notes. A Reset Rate may be less than the Rate of Interest applicable immediately prior to the relevant Reset Date and may adversely affect the yield and so the market value of the Notes.

**3. RISKS RELATED TO THE NOTES GENERALLY**

***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 safekeeper 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 safekeeper. 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.

***While the Notes are in global form, there may be a delay in reflecting any Write-Down or Write-Up of the Notes in the clearing systems***

For as long as the Notes are in global form and in the event that any Write-Down or Write-Up is required pursuant to the Conditions, the records of Euroclear and Clearstream, Luxembourg or any other clearing system of their respective participants' position held in the Notes may not be immediately updated to reflect the amount of Write-Down or Write-Up and may continue to reflect the Prevailing Principal Amount of the Notes prior to such Write-Down or Write-Up, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-Down or Write-Up will occur. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their

respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Notes in global form will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

#### ***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 under the Notes and not to payments of principal, unless permitted by the Applicable Regulations at the time of the relevant payment. As such, the Issuer may 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.

#### ***Meetings of Noteholders and modification***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing. These provisions permit defined majorities to bind all Noteholders and Couponholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution and including Noteholders who voted in a manner contrary to the majority.

#### ***Change of law***

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

#### ***The regulation and reform of "benchmarks" may adversely affect the value of the Notes***

Interest rates and indices which are deemed to be "benchmarks", are the subject of recent 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, to 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 **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark

and the use of a benchmark within the EU. It will, among other things, (i) require 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) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. 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 "benchmark".

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. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead 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.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions of the Notes) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of an Adjustment Spread (as defined in the Terms and Conditions of the Notes) and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser without any requirement for the consent or approval of Noteholders). If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form. In respect of Notes, however, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause the then current or future disqualification of the Notes as Tier 1 Own Funds.

In certain circumstances the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the application of the previous Reset Rate for a preceding Reset Interest Period, or for the first Reset Rate, the application of the Initial Rate of Interest minus the Margin applicable to such Notes or the 5-year Mid-Swap Rate that most recently appeared on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

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

***The Agent does not assume any fiduciary duties or other obligations to Holders and is, in particular, not obliged to make determinations which protect or further their interests.***

The Agent is the agent of the Issuer and is required to act in accordance with the Agency Agreement and the Conditions in good faith and endeavour at all times to make necessary determinations in a commercially reasonable manner. Noteholders should however be aware that the Agent does not assume any fiduciary or other obligations to the Noteholders and is, in particular, not obliged to make determinations which protect or further the interests of the Noteholders.

The Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Agent shall not be liable for the consequences to any person (including the Noteholders) of any errors or omissions in any determination made by the Agent in relation to the Notes or interests in the Notes, in each case in the absence of bad faith, wilful misconduct, gross negligence or fraud. Without prejudice to the generality of the foregoing, if the Agent is rendered unable to carry out its obligations under the Agency Agreement as a result of the occurrence of a Force Majeure Event (as defined in the Agency Agreement), the Agent shall not be liable for any failure to carry out such obligations for so long as it is so prevented having made reasonable efforts to mitigate the circumstances under which it is unable to so act.

#### ***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 18 (*Governing Law and Submission to Jurisdiction*) of the Terms and Conditions of the Notes 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 issuing 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.

#### **4. 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:

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Instruments that are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons. 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 related to Interest Payments – The Rate of Interest applicable to the Notes will be reset on every Reset Date*" above.

### ***Credit ratings assigned to the Notes may not reflect all the risks associated with an investment in those Notes***

The Notes are expected to be rated B1 by Moody's and B+ by Fitch. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

### ***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.



## OVERVIEW

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

Words and expressions in “*Terms and Conditions of the Notes*” shall have the same meanings where used therein unless the context otherwise requires or unless otherwise stated.

<b>Issuer:</b>	UnipolSai Assicurazioni S.p.A.
<b>Issuer Legal Entity Identifier (LEI):</b>	815600E31C4E7006AB54
<b>Notes:</b>	€500,000,000 6.375 per cent. Perpetual Subordinated Fixed Rate Resettable Restricted Tier 1 Temporary Write-Down Notes.
<b>Issue Price:</b>	100 per cent.
<b>Joint Lead Managers:</b>	BNP Paribas, Intesa Sanpaolo S.p.A., J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A., UniCredit Bank AG
<b>Fiscal Agent and Principal Paying Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Form and Denomination:</b>	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.
<b>Status of the Notes:</b>	<p>The Notes and any related Coupons will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer, and rank <i>pari passu</i> among themselves and:</p> <ul style="list-style-type: none"> <li>(i) junior to (x) any Senior Notes; (y) any other unsubordinated obligations of the Issuer (including policyholders of the Issuer); and (z) dated subordinated obligations which constitute (or would, but for any applicable limitation on the amount of such capital constitute) Tier 2 Own Funds, including as a result of grandfathering, or Tier 3 Own Funds; the €750,000,000 Fixed/Floating Undated Subordinated Notes issued by UnipolSai on 18 June 2014 (XS1078235733) after they cease to be grandfathered as Tier 1 Own Funds; and any other subordinated obligations of the Issuer other than those which rank, or are expressed to rank <i>pari passu</i> with, or junior to, the Notes;</li> <li>(ii) at least equally with all other subordinated obligations of the Issuer which constitute (or would, but for any applicable limitation on the amount of such capital constitute) Tier 1 Own Funds, including as a result of grandfathering, and any other subordinated obligations of the Issuer which rank, or are expressed to rank, <i>pari passu</i> with the Notes; and</li> <li>(iii) senior to the Issuer's payment obligations in respect of (x) any Junior Securities and (y) any other subordinated obligations of the Issuer which rank, or are expressed to rank, junior to the obligations of the Issuer to the Holders in respect of the Notes,</li> </ul> <p>in each case, save for certain obligations required to be preferred by law.</p> <p>For further information, see Condition 2 (<i>Status of the Notes</i>).</p>
<b>Maturity:</b>	Unless previously redeemed or purchased and cancelled as provided in Condition 6 ( <i>Redemption and Purchase</i> ), the Notes shall become immediately due and payable at their Prevailing Principal Amount only in case voluntary or involuntary winding

	<p>up proceedings are instituted in respect of the Issuer in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently the duration of the Issuer is set at 31 December 2050, although, if this is extended, redemption of the Notes will be equivalently adjusted); or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority.</p>
<p><b>Interest and Interest Payment Dates:</b></p>	<p>The Notes will bear interest on their Prevailing Principal Amount (as defined in Condition 4 (<i>Interest</i>) in “<i>Terms and Conditions of the Notes</i>”), payable (subject to cancellation as described below) semi-annually in arrear on 27 April and 27 October in each year (each an <b>Interest Payment Date</b>), as follows: (i) in respect of the Interest Period from (and including) 27 October 2020 (the <b>Issue Date</b>) to (but excluding) 27 October 2030 (the <b>First Reset Date</b>) at the rate of 6.375 per cent. per annum, and (ii) in respect of each Interest Period from (and including) the First Reset Date at the relevant Reset Rate.</p> <p><b>Reset Rate</b> for any Interest Period falling within a Reset Interest Period means the sum of (i) the 5-year Mid Swap Rate in relation to that Reset Interest Period and (ii) the Margin (such sum converted from an annual basis to a semi-annual basis) (rounded down to four decimal places, with 0.00005 being rounded down).</p> <p>See Condition 4 (<i>Interest</i>).</p>
<p><b>Optional Cancellation of Interest:</b></p>	<p>Subject to Condition 3.2 (<i>Mandatory Cancellation of Interest</i>), the Issuer may, on any Interest Payment Date at its sole and absolute discretion elect to cancel payment of all (or some only) of the interest accrued to such Interest Payment Date.</p>
<p><b>Mandatory Cancellation of Interest:</b></p>	<p>If the Mandatory Cancellation Trigger has occurred with reference to an Interest Payment Date, the Issuer must cancel payment of all of the interest accrued to such Interest Payment Date.</p> <p>For the purposes of these provisions:</p> <p><b>Distributable Items</b> means, with respect to and as at any Interest Payment Date (or any other date on which interest is due to be paid on the Notes), without double-counting, an amount equal to: (i) the retained earnings and distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; <i>plus</i> (ii) the interim retained earnings (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such date; <i>less</i> (iii) the interim net loss (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such date, each as defined under national law, or in the articles of association, of the Issuer and subject as otherwise specified from time to time in the Applicable Regulations.</p>

**Mandatory Cancellation Trigger** means, in respect of an Interest Payment Date, that a Regulatory Deficiency has occurred and is continuing on such Interest Payment Date, or payment of interest accrued to such Interest Payment Date would itself cause a Regulatory Deficiency provided, however, that a Mandatory Cancellation Trigger will not have occurred in relation to such payment of interest (or such part thereof) on such Interest Payment Date if, cumulatively:

- (i) such Regulatory Deficiency is of the type described in paragraph (ii) of the definition of Regulatory Deficiency;
- (ii) the Lead Regulator has exceptionally waived the cancellation of such interest payment;
- (iii) the Lead Regulator has confirmed to the Issuer that it is satisfied that payment of such interest would not further weaken the solvency position of the Issuer; and
- (iv) the Minimum Capital Requirement will be complied with immediately following payment of such interest, if made.

**Minimum Capital Requirement** means the minimum capital requirement of the Issuer on a solo basis, or the minimum for the group Solvency Capital Requirement or the minimum consolidated group Solvency Capital Requirement (as applicable) as defined and/or referred to in the Applicable Regulations: (x) if the Issuer is required to report its capital requirements on a group basis, of the Issuer; and/or (y) for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer's parent company (calculated on the basis of its Solvency II scope of consolidation).

A **Regulatory Deficiency** shall be deemed to have occurred if:

- (i) payment of the relevant interest may cause the insolvency of the Issuer or may accelerate the process of the Issuer becoming insolvent in accordance with the provisions of the relevant insolvency laws and rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer from time to time;
- (ii) there is non-compliance with the Solvency Capital Requirement at the time for payment of the relevant interest, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such payment;
- (iii) there is non-compliance with the Minimum Capital Requirement at the time for payment of the relevant interest, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such payment;
- (iv) the amount of the relevant interest payment, when aggregated with any Additional Amounts payable respect thereto, interest payments or distributions which have been paid and made (or are scheduled to be paid or made simultaneously) on all other Tier 1 Own Funds of the Issuer (excluding any such payments which do not reduce the Distributable Items and any payments, scheduled payments or accruals already accounted for by way of deduction in determining the Distributable Items) since the end of the last financial year to (and including) such Interest Payment Date, would exceed the amount of Distributable Items available on such Interest Payment Date; and/or
- (v) the Issuer is for any other reason otherwise required by the Applicable Regulations at the relevant time to cancel payment of interest in order for the Notes to qualify as own funds.

	<p><b>Solvency Capital Requirement</b> means the solvency capital requirement of the Issuer on a solo basis, or (as applicable) the group Solvency Capital Requirement as defined and/or referred to in the Applicable Regulations: (x) if the Issuer is required to report its capital requirements on a group basis, of the Issuer; and/or (y) for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer's parent company (calculated on the basis of its Solvency II scope of consolidation). As set out below under "<i>Write-Down upon Trigger Event</i>", following the occurrence of a Trigger Event, any accrued and unpaid interest on the Notes through to (and including) the Write-Down Effective Date shall be automatically cancelled and shall not be due and payable; and from (and including) the Write-Down Effective Date, interest on the Notes shall accrue on their Principal Prevailing Amount as reduced by the Write-Down Amount (subject to any subsequent Write-Down(s) or Write-Up(s)).</p>
<p><b>Write-Down upon Trigger Event:</b></p>	<p>If at any time a Trigger Event occurs, the Issuer shall promptly notify the Lead Regulator (unless occurrence of the Trigger Event has been determined by the Lead Regulator) and shall deliver a notice to the Agent and, in accordance with Condition 15 (<i>Notices</i>), to the Noteholders as soon as practicable.</p> <p>Following the occurrence of a Trigger Event:</p> <ul style="list-style-type: none"> <li>(i) the Issuer shall - unless Condition 8.3 (<i>Waiver of Write-Down</i>) applies – write-down the Notes, without delay and without any requirement for the consent or approval of the Noteholders, with effect as from the Write-Down Effective Date (each, a <b>Write-Down</b>) by an amount corresponding to the Write-Down Amount; and</li> <li>(ii) any accrued and unpaid interest on the Notes through to (and including) the Write-Down Effective Date shall be automatically cancelled and shall not be due and payable; and from (and including) the Write-Down Effective Date, interest on the Notes shall accrue on their Principal Prevailing Amount as reduced by the Write-Down Amount (subject to any subsequent Write-Down(s) or Write-Up(s)).</li> </ul> <p><b>Write-Down Effective Date</b> means the date, selected by the Issuer, on which a Write-Down will take effect.</p> <p>A <b>Trigger Event</b> shall be deemed to have occurred, at any time, if the Issuer or the Lead Regulator determines that:</p> <ul style="list-style-type: none"> <li>(a) the amount of Own-Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is equal to or less than 75 per cent. of the Solvency Capital Requirement (on a solo or, as the case may be, group basis);</li> <li>(b) the amount of Own-Fund Items of the Issuer or, as the case may be, the Parent Group eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement (on a solo or, as the case may be, group basis); or</li> <li>(c) the amount of Own-Fund Items of the Issuer or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is less than the Solvency Capital Requirement (on a solo or, as the case may be, group basis) for a continuous period of three months from the date when non-compliance with the Solvency Capital Requirement was first observed.</li> </ul> <p>Any such Write-Down shall be applied in respect of each Note equally.</p>

	<p>A Write-Down of the Notes shall not constitute a default or event of default in respect of the Securities or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or to take any other action.</p>
<b>Write-Down Amount</b>	<p>For the purposes of this provisions, the Write-Down Amount shall be determined by the Issuer as follows:</p> <ul style="list-style-type: none"> <li>(a) If a Trigger Event has occurred in the circumstances described in point (iii) of the definition of Trigger Event and a partial Write-Down of these Notes would be sufficient to re-establish full compliance with the Solvency Capital Requirement, the Write-Down Amount shall correspond to the amount that – together with the concurrent (or substantially concurrent) write-down or conversion into equity of other Loss Absorbing Instruments as a result of the Solvency Margin having fallen below the applicable trigger level of such instrument – would be sufficient to re-establish compliance with the Solvency Capital Requirement;</li> <li>(b) if a Trigger Event has occurred in the circumstances described in point (iii) of the definition of Trigger Event and a partial Write-Down of these Notes would not be sufficient to re-establish full compliance with the Solvency Capital Requirement, the Write-Down Amount shall correspond to the Linear Write-Down Amount;</li> <li>(c) if a Trigger Event has occurred in the circumstances described in point (i) or (ii) of the definition of Trigger Event, the Write-Down Amount shall correspond to the amount necessary to reduce the Prevailing Principal Amount of each Note to the smallest unit of such Note (currently one Euro cent), as determined by the Applicable Regulations;</li> <li>(d) following a Write-Down made in accordance sub-paragraph (b) above (the <b>Initial Write-Down</b>): <ul style="list-style-type: none"> <li>(i) if a Trigger Event subsequently occurs in the circumstances described in point (i) or (ii) of the definition of Trigger Event, the Write-Down Amount shall correspond to the amount necessary to reduce the Prevailing Principal Amount of each Note to the smallest unit of such Note (currently one Euro cent), as determined by the Applicable Regulations;</li> <li>(ii) if, by the end of a period of three months commencing from the date of the Trigger Event that resulted in the Initial Write-Down, no Trigger Event has occurred in the circumstances described in point (i) or (ii) of the definition of Trigger Event but the Solvency Margin has deteriorated further, a further Write-Down of the Notes shall be made in accordance with sub-paragraph (bb) to reflect that further deterioration in the Solvency Margin (each such Write-Down being a <b>Further Write-Down</b>), provided that a Further Write-Down shall be made for each subsequent deterioration in the solvency ratio at the end of each subsequent period of three months until the Issuer has re-established compliance with the Solvency Capital Requirement; or</li> </ul> </li> <li>(e) in any case, at such time and/or in such (other) amount as may be approved or determined by the Lead Regulator in its sole and absolute discretion in accordance with the Applicable Regulations</li> </ul> <p>(the <b>Write-Down Amount</b>).</p>

	<p><b>Linear Write-Down Amount</b> means the amount, calculated by the Issuer, that would reflect a write-down of the Notes on a linear basis such as to result in each Note being written down:</p> <ul style="list-style-type: none"> <li>(x) to a Prevailing Principal Amount corresponding to the smallest unit of such Note (currently one Euro cent), as determined by the Applicable Regulations, if the then prevailing coverage of the Solvency Capital Requirement was at or below 75%; and</li> <li>(y) by a Write-Down Amount corresponding to zero, if the then prevailing coverage of the Solvency Capital Requirement was 100% or above,</li> </ul> <p>taking into account, for the purposes of calculating the then prevailing coverage of the Solvency Capital Requirement, the concurrent (or substantially concurrent) write-down or conversion into equity of other Loss Absorbing Instruments (if any) and the latest available values of the Solvency Margin.</p> <p>For further information, please see Condition 8 (<i>Principal Loss Absorption</i>).</p>
<b>Write-down</b>	<p>Each Write-Down of the Notes shall be made on the following basis:</p> <ul style="list-style-type: none"> <li>(i) the Notes shall be written-down on a <i>pro-rata</i> basis on the basis of their Prevailing Principal Amount immediately prior to such Write-Down;</li> <li>(ii) where appropriate and subject to compliance with the Applicable Regulations, each Write-Down of the Notes shall take place on a <i>pro-rata</i> basis with the concurrent (or substantially concurrent) write-down or conversion into equity of other Loss Absorbing Instruments that contain similar principal loss absorbency mechanisms, on the basis of their respective Prevailing Principal Amounts, subject as set out in Condition 8.2 (<i>Write-down</i>).</li> </ul> <p>A Trigger Event may occur on one or more occasions and the Prevailing Principal Amount of each Note may be written-down in accordance with Condition 8 on more than one occasion, including where a Further Write-Down of the Notes takes place after an Initial Write-Down following a further deterioration of the Solvency Capital Requirement, provided that the Prevailing Principal Amount of a Note may never be reduced to below the smallest unit of such Note (currently one Euro cent), as determined by Applicable Regulations.</p>
<b>Waiver of Write-Down</b>	<p>Notwithstanding the provisions of Condition 8.2 (<i>Write-Down</i>), a Write-Down of the Notes will not be required if all of the conditions set out in Condition 8.3 (<i>Waiver of Write-Down</i>) (including that the Lead Regulator has agreed exceptionally to waive a write-down of the Notes) are met.</p>
<b>Write-Up</b>	<p>For so long as the Notes remain written down, the Issuer may, at its discretion, write-up the Prevailing Principal Amount of the Notes up to a maximum of the Original Principal Amount (each, a <b>Write-Up</b>), in an amount corresponding to the Write-Up Amount, provided that all of the conditions set out in Condition 8.4 (<i>Write-up</i>) are met (including that the Write-Up occurs on the basis of profits which contribute to Distributable Items made subsequent to compliance with the Solvency Capital Requirement, in a manner that does not undermine the loss absorbency intended by Article 71(5), or hinder recapitalisation as required by Article 71(1)(d), of the Solvency II Delegated Regulation).</p> <p>A Write-Up may occur on one or more occasions until the Prevailing Principal Amount of the Notes have been reinstated to the Original Principal Amount.</p>

	<p>A Write-Up shall be operated at the full discretion of the Issuer, subject to the approval (if required) of the Lead Regulator, and there shall be no obligation for the Issuer to operate or accelerate any Write-Up under specific circumstances. Any decision by the Issuer to effect, or not to effect, a Write-Up on any occasion shall not oblige the Issuer to effect, or prevent the Issuer from effecting, a Write-Up on any other occasion pursuant to Condition 8.4.</p> <p>Each Write-Up of the Notes shall be made on the following basis:</p> <ul style="list-style-type: none"> <li>(a) each Note shall be written-up on a <i>pro-rata</i> basis with all other Notes;</li> <li>(b) the Write-Up shall take place with effect as of the date of the Write-Up Effective Date; and</li> <li>(c) from (and including) the Write-Up Effective Date, interest on the Notes shall accrue on their Prevailing Principal Amount as written-up by the Write-Up Amount (subject to any subsequent Write-Down(s) or Write-Up(s)).</li> </ul> <p>The Issuer shall endeavour that each Write-Up of the Notes will take place on a <i>pro-rata</i> basis with the concurrent (or substantially concurrent) write-up of other Loss Absorbing Written Down Instruments with similar write-up provisions to those contained in these Conditions, on the basis of their respective Prevailing Principal Amounts, <i>provided however that</i> any failure by the Issuer to write-up these Notes on at least a <i>pro-rata</i> basis with the write-up of any other Loss Absorbing Written Down Instruments shall not constitute any default by, and will not give the Noteholders any rights against, or entitlement to compensation from, the Issuer.</p>
<b>No right of Noteholders to redeem:</b>	The Notes may not be redeemed at the option of the Noteholders.
<b>Redemption at the option of the Issuer:</b>	<p>The Issuer may, subject to the provisions of Condition 7 (<i>Conditions for Redemption and Purchase</i>), at its option, having given not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (<i>Conditions for Redemption and Purchase</i>), be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Notes then outstanding on any Optional Redemption Date and at their Prevailing Principal Amount together, (to the extent that such interest has not been cancelled in accordance with the Conditions), with interest accrued to (but excluding) the relevant Optional Redemption Date, as further described in Condition 6.3 (<i>Redemption at the option of the Issuer</i>).</p> <p><b>Optional Redemption Date</b> any Business Day from (and including) 27 April 2030 to (and including) the First Reset Date and thereafter, each Interest Payment Date</p>
<b>Clean-up Call Option:</b>	<p>In the event that at least 80 per cent. of the Original Principal Amount of the Notes has been purchased or redeemed by the Issuer, the Issuer may, subject to provisions of Condition 7 (<i>Conditions for Redemption and Purchase</i>), at its option (having given not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (<i>Conditions for Redemption and Purchase</i>), be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes then outstanding at their Prevailing Principal Amount together, to the extent that such interest has not been cancelled in accordance with the Conditions, with interest accrued to (but excluding) the date set for redemption as further described in Condition 6.4 (<i>Clean-Up Call Option</i>).</p>

<p><b>Redemption due to a Regulatory Event, a Tax Event or a Rating Event:</b></p>	<p>In addition, the Issuer may, subject to the provisions of Condition 7 (<i>Conditions for Redemption and Purchase</i>), at its option redeem the Notes in whole, but not in part, on giving not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (<i>Conditions for Redemption and Purchase</i>), be irrevocable and specify the date fixed for redemption), following the occurrence of a Regulatory Event, a Tax Event or a Rating Event, as further described in Conditions 6.5 (<i>Optional Redemption due to a Regulatory Event</i>), 6.2 (<i>Redemption for tax reasons</i>) and 6.6 (<i>Optional Redemption due to a Rating Event</i>).</p> <p>For these purposes:</p> <p>A <b>Regulatory Event</b> means that as a result of any replacement or change to (or change in the interpretation by any competent court or authority of) the Applicable Regulations, which replacement or change occurs after the Issue Date (in whole or in part) are no longer capable of qualifying as Tier 1 Own-Funds of the Issuer (on a solo or group basis) and, for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being, as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer's parent company (on a group basis), except where any such non-qualification is only the result of exceeding any then applicable limits on the inclusion of the Notes as Tier 1 Own Funds.</p> <p>A <b>Tax Event</b> shall be deemed to have occurred if:</p> <p>(A) (x) 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 9 (<i>Taxation</i>) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (i)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last tranche of the Notes; and (y) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or</p> <p>(B) (x) deductibility of interest payable by the Issuer in respect of the Notes is materially reduced for income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of, or applicable in, the Tax Jurisdiction, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last tranche of the Notes; and (y) such non-deductibility cannot be avoided by the Issuer taking reasonable measures available to it,</p> <p><i>provided that</i> no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be, in the case of (A), obliged to pay such additional amounts if a payment in respect of the Notes were then due or, in the case of (B), unable to deduct such amounts for income tax purposes.</p> <p>A <b>Rating Event</b> shall be deemed to have occurred if there is a change in the rating methodology (or the interpretation thereof) of a Rating Agency as a result of which the equity credit (or such other nomenclature as used by a Rating Agency from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share) (<b>Equity Credit</b>) previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the Equity Credit first assigned by such Rating Agency.</p>
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<b>Purchases:</b>	The Issuer or any of its Subsidiaries may at any time, subject to the provisions of Condition 7 ( <i>Conditions for Redemption and Purchase</i> ), purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Where permitted by applicable law and regulation, all Notes purchased pursuant to Condition 6.7 ( <i>Purchases</i> ) may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.
<b>Conditions for Redemption and Purchase:</b>	Any redemption of the Notes on the date fixed for redemption pursuant to, as the case may be, Condition 6.2 ( <i>Redemption for tax reasons</i> ), Condition 6.3 ( <i>Redemption at the option of the Issuer</i> ), Condition 6.4 ( <i>Clean-Up Call Option</i> ), Condition 6.5 ( <i>Optional Redemption due to a Regulatory Event</i> ), Condition 6.6 ( <i>Optional Redemption due to a Rating Event</i> ) and any purchase of the Notes pursuant to Condition 6.7 ( <i>Purchases</i> ) is subject to the Conditions for Redemption and Purchase, as defined and described under Condition 7 ( <i>Conditions for Redemption and Purchase</i> ).
<b>Events of Default:</b>	None
<b>Negative Pledge:</b>	None
<b>Cross Default:</b>	None
<b>Enforcement Event:</b>	If an order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer, otherwise than for the purpose of: (i) a Permitted Reorganisation, as defined in Condition 11 ( <i>Enforcement Event</i> ); or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement), then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at their Prevailing Principal Amount, together with accrued interest (to the extent not cancelled pursuant to the Conditions) to the date of repayment, without presentment, demand, protest or other notice of any kind.
<b>Meetings of Noteholders and Modifications:</b>	<p>The Agency Agreement contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p>The Conditions may not be amended without the prior approval of the Lead Regulator. The Notes and the Conditions may be amended without the consent of the Noteholders or the Couponholders to make any modification which is, in the opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven 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, in each case in the opinion of the Issuer, it is of a formal, minor or technical nature or it is made to correct a manifest or proven error or it is not materially prejudicial to the interests of the Noteholders.</p> <p>The Issuer may, without any requirement for the consent or approval of the Noteholders, modify the terms of the Notes to the extent that such modification is reasonably necessary to ensure that no such Regulatory Event, Tax Event or, as</p>

	applicable, Rating Event would exist after such modification, subject as provided under Condition 16.4 ( <i>Modification following a Regulatory Event, Tax Event or Rating Event</i> ).
<b>Further Issues:</b>	The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further tranche(s) of notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.
<b>Taxation and Additional Amounts:</b>	All payments of principal and interest in respect of the Notes and Coupons will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event and subject to certain customary exceptions, the Issuer will pay such additional amounts on interest (but not, unless permitted by the Applicable Regulations at the time of the relevant payment, principal) as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the amounts of interest (or principal, if permitted by the Applicable Regulations at the time of the relevant payment) which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction.
<b>Rating:</b>	The Notes are expected to be rated B1 by Moody's and B+ by Fitch.
<b>Listing and admission to trading:</b>	Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Regulated Market.
<b>Clearing:</b>	Euroclear and Clearstream, Luxembourg
<b>ISIN:</b>	XS2249600771
<b>Common Code:</b>	224960077
<b>Use of Proceeds:</b>	The net proceeds from the issuance of the Notes will be used by the Issuer for general corporate purposes and to improve the regulatory capital structure of the Group.
<b>Selling Restrictions:</b>	<p>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, EEA, Italy, Switzerland, and Singapore, see "<i>Subscription and Sale</i>" below.</p> <p>The Notes have not been registered under the Securities Act and are subject to restrictions on transfer as described under "<i>Subscription and Sale</i>".</p> <p>The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the PI Rules other than in circumstances that do not and will not give rise to a contravention of those rules by any person. See the section headed "<i>Restrictions on Marketing, Sales and Resales to Retail Investors</i>" on pages 7 to 8 of this Prospectus for further information.</p>
<b>Governing Law:</b>	The Notes and any non-contractual obligations arising out of them will be governed by Italian law.

<b>Intended Regulatory Capital Treatment</b>	<p>It is intention of the Issuer that the Notes shall be treated for regulatory purposes as Tier 1 Own Funds of the Issuer (on a solo and, if the Issuer is required to report its capital requirements on a group basis, group basis) and, for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being, as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer’s parent company (on a group basis).</p>
<b>Risk Factors:</b>	<p>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 “<i>Risk Factors</i>”.</p>

## DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below, which is contained in the following documents which have previously been published shall be incorporated by reference in, and form part of, this Prospectus.

- (a) **the unaudited consolidated interim report of the Group as of and for the six months ended 30 June 2020 available at [http://www.unipolsai.com/sites/corporate/files/document\\_attachments/unipolsai\\_consolidated\\_interim\\_financial\\_report\\_30-06-2020\\_en.pdf](http://www.unipolsai.com/sites/corporate/files/document_attachments/unipolsai_consolidated_interim_financial_report_30-06-2020_en.pdf):**

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Management Report.....	Pages 14 - 19
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Comprehensive Income Statement.....	Page 49
Statement of Changes in Shareholders' Equity .....	Page 50
Cash Flow .....	Page 51
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Independent Auditor's Report.....	

- (b) **the auditors' report and audited consolidated annual financial statements of the Group as of and for the financial year ended 31 December 2019 available at [http://www.unipolsai.com/sites/corporate/files/document\\_attachments/bilancio\\_consolidato\\_2019\\_usai\\_en.pdf](http://www.unipolsai.com/sites/corporate/files/document_attachments/bilancio_consolidato_2019_usai_en.pdf):**

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- (c) **the auditors' report and audited consolidated annual financial statements of the Group as of and for the financial year ended 31 December 2018 available at [http://www.unipolsai.com/sites/corporate/files/document\\_attachments/bilancio-consolidato-2018\\_unipolsai\\_eng\\_def.pdf](http://www.unipolsai.com/sites/corporate/files/document_attachments/bilancio-consolidato-2018_unipolsai_eng_def.pdf):**

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- (d) **the auditors' review report and the unaudited interim condensed consolidated financial statements of Unipol Gruppo S.p.A. as of and for the six months ended 30 June 2020 available**

at [https://www.unipol.it/sites/corporate/files/document\\_attachments/ug\\_1h20-report\\_en\\_def.pdf](https://www.unipol.it/sites/corporate/files/document_attachments/ug_1h20-report_en_def.pdf):

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- (e) **the auditors' report and audited consolidated annual financial statements of Unipol Gruppo S.p.A. as of for the financial year ended 31 December 2019 available at [https://www.unipol.it/sites/corporate/files/document\\_attachments/ug\\_bilancio consolidato 2019\\_eng\\_1.pdf](https://www.unipol.it/sites/corporate/files/document_attachments/ug_bilancio consolidato 2019_eng_1.pdf):**

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- (f) **the €3,000,000,000 Euro Medium Term Note Programme base prospectus of UnipolSai dated 11 September 2020 (the “EMTN Base Prospectus”) available at [http://www.unipolsai.com/sites/corporate/files/pages\\_related\\_documents/unipolsai\\_emtn-programme-2020\\_base-prospectus\\_0.pdf](http://www.unipolsai.com/sites/corporate/files/pages_related_documents/unipolsai_emtn-programme-2020_base-prospectus_0.pdf)**

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The table below sets forth where in such “*Description of the Issuer*” section of the EMTN Base Prospectus the following information regarding the Issuer can be found:

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Specifically, the information contained in the EMTN Base Prospectus regarding the description of the Issuer and the Group shall not be deemed to constitute a part of this Prospectus insofar as it coincides with, or is superseded by, the information contained in “*Description of the Issuer*” section of this Prospectus;

- (g) **press release headed “UnipolSai Assicurazioni: Consolidated Results Approved First Half 2020” issued by UnipolSai on 7 August 2020 available at [http://www.unipolsai.com/sites/corporate/files/press\\_related\\_documents/pre\\_us\\_results\\_1h\\_2020\\_20200807\\_en.pdf](http://www.unipolsai.com/sites/corporate/files/press_related_documents/pre_us_results_1h_2020_20200807_en.pdf):**

All pages

- (h) **press release headed “Unipol Gruppo: Consolidated Results Approved First Half 2020” issued by UG on 7 August 2020 available at [https://www.unipol.it/sites/corporate/files/press\\_related\\_documents/pre\\_ug\\_1h2020-results\\_07-08-2020\\_en.pdf](https://www.unipol.it/sites/corporate/files/press_related_documents/pre_ug_1h2020-results_07-08-2020_en.pdf):**

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- (i) the solvency and financial condition report of 2019 of UnipolSai, available at [http://www.unipolsai.com/sites/corporate/files/document\\_attachments/sfcr\\_unipolsai\\_2019\\_en.pdf](http://www.unipolsai.com/sites/corporate/files/document_attachments/sfcr_unipolsai_2019_en.pdf):

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- (j) the solvency and financial condition report of 2019 of Unipol Gruppo S.p.A., available at [https://www.unipol.it/sites/corporate/files/document\\_attachments/sfcr\\_ug\\_2019fy\\_en.pdf](https://www.unipol.it/sites/corporate/files/document_attachments/sfcr_ug_2019fy_en.pdf):

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- (k) the Unipol-UnipolSai Group Presentation (October 2020) available at [https://www.unipolsai.com/sites/corporate/files/document\\_attachments/unipol-unipolsai\\_group-presentation\\_13-10-2020\\_0.pdf](https://www.unipolsai.com/sites/corporate/files/document_attachments/unipol-unipolsai_group-presentation_13-10-2020_0.pdf)

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

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus. Any documents which are themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus (unless they are being separately incorporated by reference in this Prospectus under this section).

The corporate website of the Issuer is [www.unipolsai.com/en](http://www.unipolsai.com/en). Any websites included in this Prospectus are for information purposes only and do not form part of this Prospectus.

Copies of the Prospectus and the documents incorporated by reference herein will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the €500,000,000 6.375 per cent. Perpetual Subordinated Fixed Rate Resetable Restricted Tier 1 Temporary Write-Down Notes which will be incorporated by reference into each Global Note (as defined below) and endorsed on, or attached to, each definitive Note.*

The issue of the €500,000,000 6.375 per cent. Perpetual Subordinated Fixed Rate Resetable Restricted Tier 1 Temporary Write-Down Notes (the **Notes**) by UnipolSai Assicurazioni S.p.A. (**UnipolSai** or the **Issuer**) was authorised by a resolution of the board of directors of the Issuer passed on 1 October 2020.

References herein to the **Notes** shall mean:

- (a) for so long as the Notes are represented by a global Note (a Global Note), units of each Specified Denomination;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement governed by Italian law (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 27 October 2020 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents). The Issuer has appointed the Agent to act as the calculation agent (in such capacity, the **Calculation Agent**) as the party responsible for calculating the Rates of Interest and Interest Amounts and such other amounts as may be specified to be calculated by the Calculation Agent in these Conditions.

Definitive Notes have interest coupons (**Coupons**) and talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **Holders** in relation to any Notes shall mean the holders of the Notes and shall, for so long as the Notes are represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

Copy of the Agency Agreement is available for inspection during normal business hours at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated.

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

### 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered and with Coupons and Talons attached, in denominations of €200,000 and integral multiples of €1,000 in excess thereof up to and including €399,000 (the **Specified Denominations**).



Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the following paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

## **2. STATUS OF THE NOTES**

### **2.1 Subordination**

The Notes and any relative Coupons are direct, unconditional, subordinated and unsecured obligations of the Issuer, and rank *pari passu* among themselves and:

- (i) junior to (x) any Senior Notes; (y) any other unsubordinated obligations of the Issuer (including policyholders of the Issuer); and (z) dated subordinated obligations which constitute (or would, but for any applicable limitation on the amount of such capital constitute) Tier 2 Own Funds, including as a result of grandfathering, or Tier 3 Own Funds; the €750,000,000 Fixed/Floating Undated Subordinated Notes issued by UnipolSai on 18 June 2014 (XS1078235733) after they cease to be grandfathered as Tier 1 Own Funds; and any other subordinated obligations of the Issuer other than those which rank, or are expressed to rank *pari passu* with, or junior to, the Notes;
- (ii) at least equally with all other subordinated obligations of the Issuer which constitute (or would, but for any applicable limitation on the amount of such capital constitute) Tier 1 Own Funds, including as a result of grandfathering and any other subordinated obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes; and
- (iii) senior to the Issuer's payment obligations in respect of (x) any Junior Securities and (y) any other subordinated obligations of the Issuer which rank, or are expressed to rank, junior to the obligations of the Issuer to the Holders in respect of the Notes,

in each case, save for certain obligations required to be preferred by law.

**Applicable Regulations** means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then applicable to UnipolSai relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II.

**Junior Securities** means (a) all classes of share capital of UnipolSai (including all categories of savings shares and any preference shares, if any); (b) any preferred securities or similar instruments, or any other securities, issued by the Issuer which rank or are expressed to rank junior to the Notes; and (c) any guarantee or similar instrument granted by UnipolSai which ranks or is expressed to rank junior to the Notes.

**Lead Regulator** means the *Istituto per la Vigilanza sulle Assicurazioni* (IVASS), or any successor entity of IVASS, or any other competent lead regulator and/or authority in Italy or in the European Union to which UnipolSai becomes subject.

**Senior Notes** means unsubordinated notes issued by UnipolSai that are expressed to be senior unsubordinated notes.

**Solvency II** means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation, implementing technical standards or by further directives, guidelines published by the European Insurance and Occupational Pensions Authority (or any successor entity) or otherwise) including, without limitation, the Solvency II Regulation.

**Solvency II Directive** means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of insurance and reinsurance (Solvency II), as amended.

**Solvency II Regulation** means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of insurance and reinsurance (Solvency II), as amended (including as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019).

**Tier 1 Own Funds** means own funds classified as Tier 1 under the Applicable Regulations.

**Tier 2 Own Funds** means own funds classified as Tier 2 under the Applicable Regulations.

**Tier 3 Own Funds** means own funds classified as Tier 3 under the Applicable Regulations.

## **2.2 Waiver of set-off**

Each Noteholder and Couponholder unconditionally and irrevocably waives any right of set-off, netting, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Notes or the Coupons.

## **3. CANCELLATION OF INTEREST**

### **3.1 Optional Cancellation of Interest**

- (a) Subject to Condition 3.2 (*Mandatory Cancellation of Interest*) below, the Issuer may, on any Interest Payment Date at its sole and absolute discretion elect, by giving notice to the Noteholders pursuant to Condition 3.5 (*Notice of Interest Cancellation*) below, to cancel payment of all (or some only) of the interest accrued to such Interest Payment Date.
- (b) If the Issuer elects to cancel an interest payment pursuant to this Condition 3.1, it shall not have any obligation to make such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

### 3.2 Mandatory Cancellation of Interest

- (a) If the Mandatory Cancellation Trigger has occurred with reference to an Interest Payment Date, the Issuer must cancel payment of all of the interest accrued to such Interest Payment Date.
- (b) If the Issuer is required to cancel an interest payment pursuant to this Condition 3.2, it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

### 3.3 Full flexibility; interest non-cumulative; no restrictions on the Issuer

- (a) The Issuer has full discretion at all times to cancel interest accrued on the Notes for an unlimited period and on a non-cumulative basis, and any unpaid amounts of interest that have been cancelled pursuant to Condition 3.1 (*Optional Cancellation of Interest*) or Condition 3.2 (*Mandatory Cancellation of Interest*) shall be irrevocably cancelled and shall not accumulate or be payable at any time thereafter and the Noteholders shall have no right thereto. The Issuer may use the cancelled interest payments without restriction to meet its obligations as they fall due.
- (b) The payment by the Issuer of interest or distributions on any other own fund item (or any equivalent terminology employed by the Applicable Regulations) (**Own Fund Items**) does not impose any obligation on the Issuer to pay interest on the Notes.
- (c) The non-payment of any interest on the Notes that has been cancelled pursuant to Condition 3.1 (*Optional Cancellation of Interest*) or Condition 3.2 (*Mandatory Cancellation of Interest*):
  - (i) does not constitute an event of default of the Issuer, or any other breach of obligations under these Conditions or for any purpose;
  - (ii) does not impose any obligation on the Issuer to substitute the cancelled interest payment by a payment in any other form; and
  - (iii) does not impose any other restrictions on the Issuer.

### 3.4 Notice of Interest Cancellation

- (a) The Issuer shall give not less than five days' prior notice to the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of Condition 3.1 (*Optional Cancellation of Interest*), it elects to cancel interest and such notice shall include details of the amount of interest to be cancelled on such Interest Payment Date and the amount of interest (if any) to be paid on such Interest Payment Date, provided that any failure to deliver such notice shall not invalidate the relevant cancellation of interest.
- (b) The Issuer shall give notice to the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of Condition 3.2 (*Mandatory Cancellation of Interest*), it is required to cancel interest and such notice shall include a confirmation of the Issuer's obligation to cancel. Such notice shall be given by the Issuer as soon as reasonably practicable and, in any event, no later than three days following the relevant Interest Payment Date on which interest is cancelled, provided that any failure to deliver such notice shall not invalidate the relevant cancellation of interest.

### 3.5 Relevant definitions

For the purposes of these Conditions:

**Distributable Items** means, with respect to and as at any Interest Payment Date (or any other date on which interest is due to be paid on the Notes), without double-counting, an amount equal to: (i) the

retained earnings and distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; *plus* (ii) the interim retained earnings (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such date; *less* (iii) the interim net loss (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such date, each as defined under national law, or in the articles of association, of the Issuer and subject as otherwise specified from time to time in the Applicable Regulations.

**Mandatory Cancellation Trigger** means, in respect of an Interest Payment Date, that a Regulatory Deficiency has occurred and is continuing on such Interest Payment Date, or payment of interest accrued to such Interest Payment Date would itself cause a Regulatory Deficiency provided, however, that a Mandatory Cancellation Trigger will not have occurred in relation to such payment of interest (or such part thereof) on such Interest Payment Date if, cumulatively:

- (i) such Regulatory Deficiency is of the type described in paragraph (ii) of the definition of Regulatory Deficiency;
- (ii) the Lead Regulator has exceptionally waived the cancellation of such interest payment;
- (iii) the Lead Regulator has confirmed to the Issuer that it is satisfied that payment of such interest would not further weaken the solvency position of the Issuer; and
- (iv) the Minimum Capital Requirement will be complied with immediately following payment of such interest, if made.

**Minimum Capital Requirement** means the minimum capital requirement of the Issuer on a solo basis, or the minimum for the group Solvency Capital Requirement or the minimum consolidated group Solvency Capital Requirement (as applicable) as defined and/or referred to in the Applicable Regulations: (x) if the Issuer is required to report its capital requirements on a group basis, of the Issuer; and/or (y) for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer's parent company (calculated on the basis of its Solvency II scope of consolidation).

A **Regulatory Deficiency** shall be deemed to have occurred if:

- (i) payment of the relevant interest may cause the insolvency of the Issuer or may accelerate the process of the Issuer becoming insolvent in accordance with the provisions of the relevant insolvency laws and rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer from time to time;
- (ii) there is non-compliance with the Solvency Capital Requirement at the time for payment of the relevant interest, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such payment;
- (iii) there is non-compliance with the Minimum Capital Requirement at the time for payment of the relevant interest, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such payment;
- (iv) the amount of the relevant interest payment, when aggregated with any Additional Amounts payable respect thereto, interest payments or distributions which have been paid and made (or are scheduled to be paid or made simultaneously) on all other Tier 1 Own Funds of the Issuer (excluding any such payments which do not reduce the Distributable Items and any payments, scheduled payments or accruals already accounted for by way of deduction in determining the Distributable Items) since the end of the last financial year to (and including) such Interest Payment Date, would exceed the amount of Distributable Items available on such Interest Payment Date; and/or

- (v) the Issuer is for any other reason otherwise required by the Applicable Regulations at the relevant time to cancel payment of interest in order for the Notes to qualify as own funds.

**Solvency Capital Requirement** means the solvency capital requirement of the Issuer on a solo basis, or (as applicable) the group Solvency Capital Requirement as defined and/or referred to in the Applicable Regulations: (x) if the Issuer is required to report its capital requirements on a group basis, of the Issuer; and/or (y) for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer's parent company (calculated on the basis of its Solvency II scope of consolidation).

## 4. INTEREST

### 4.1 Accrual of Interest

Each Note bears interest from (and including) the Interest Commencement Date on its Prevailing Principal Amount, on a non-cumulative basis, at the relevant Rate of Interest. Interest will be payable – subject to the provisions of Condition 3.1 (*Optional Cancellation of Interest*), Condition 3.2 (*Mandatory Cancellation of Interest*) and Condition 8.2(a)(ii) – in arrear on each Interest Payment Date. Subject as set out in these Conditions, the first interest payment shall be made on 27 April 2021 in respect of the period from (and including) 27 October 2020 (the **Issue Date**) to (but excluding) 27 April 2021.

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Prevailing Principal Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

As used in these Conditions,

**Group** means the Issuer and its consolidated subsidiaries.

**Interest Commencement Date** means the Issue Date.

**Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**Interest Payment Date** means 27 April and 27 October in each year from (and including) 27 April 2021 (the **First Interest Payment Date**).

**Loss Absorbing Instrument** has the meaning given to it in Condition 8.2 (*Write-Down*).

**Original Principal Amount** means, in respect of a Note, or as the case may be, a Loss Absorbing Instrument, the principal amount of such Note or Loss Absorbing Instrument as of the Issue Date or the issue date of the Loss Absorbing Instrument, as applicable.

**Prevailing Principal Amount** means, in respect of a Note or, as the case may be, a Loss Absorbing Instrument, on any date, the Original Principal Amount of such Note or, as the case may be, Loss Absorbing Instrument as reduced from time to time (on one or more occasions, as applicable) pursuant to a write-down and/or reinstated (in each case, howsoever defined) from time to time (on one or more occasions, as applicable) pursuant to a reinstatement in each case being effective on or prior to such date.

**Rate of Interest** means:

- (a) in the case of each Interest Period to (but excluding) the First Reset Date, the Initial Rate of Interest; or
- (b) in the case of each Interest Period from (and including) the First Reset Date, the Reset Rate in respect of the Reset Interest Period within which such Interest Period falls,

all as determined by the Calculation Agent in accordance with Condition 4 (*Interest*).

#### 4.2 Interest to (but excluding) the First Reset Date

The Notes bear interest from, and including, the Interest Commencement Date to, but excluding, 27 October 2030 (the **First Reset Date**), at 6.375 per cent. (the **Initial Rate of Interest**), being the rate that is equal to the sum of the (interpolated) mid-swap rate for euro swap transactions with a term of five (5) years commencing on the Issue Date plus 6,744 per cent. (the **Margin**) (such sum converted from an annual basis to a semi-annual basis).

#### 4.3 Interest from (and including) the First Reset Date

The Notes will bear interest in respect of each Interest Period from (and including) the First Reset Date at the relevant Reset Rate (as will be determined by the Calculation Agent on the relevant Reset Determination Date in accordance with Condition 4.4).

#### 4.4 Determination of Reset Rate in relation to a Reset Interest Period

The Calculation Agent will, as soon as reasonably practicable after 11:00 a.m. (Central European time) on each Reset Determination Date in relation to a Reset Interest Period, determine the Reset Rate for such Reset Interest Period.

As used in these Conditions:

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

- (i) the annual mid-swap rate for euro swap transactions with a term of five (5) years commencing on the relevant Reset Date, expressed as a percentage, which appears on the Relevant Screen Page as of 11:00 a.m. (Central European time) on such Reset Determination Date; or
- (ii) if such rate does not appear on the Relevant Screen Page at such time on such Reset Determination Date, the Reset Reference Bank Rate determined in accordance with Condition 4.5 (*Fallbacks*) on such Reset Determination Date.

**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 euro interest rate swap transaction which:

- (i) has a term of five (5) years commencing on the relevant Reset Date;
- (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 swap market; and
- (iii) has a floating leg (calculated on an Actual/360-day count basis) based on EURIBOR (the **Mid-Swap Floating Leg Benchmark Rate**) for a six (6) month period (**EURIBOR 6-month**). EURIBOR 6-month shall – subject to Condition 4.8 (*Benchmark discontinuation*) – be (x) the rate for deposits in euro for a six-month period which appears on the Relevant Screen Page as of 11.00 (CET) on the Reset Determination Date; or (y) if such rate does not appear on the Relevant Screen Page at such time on such Reset Determination Date, the arithmetic mean of

the rates at which deposits in euro are offered by four major banks in the Eurozone interbank market, as selected by the Issuer, at such time on such Reset Determination Date to prime banks in the Eurozone interbank market for a six-month period commencing on such Reset Date in a Representative Amount, with the quotation(s) of such rate(s) provided to the Calculation Agent by the principal Eurozone office of each such major bank.

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

**Relevant Screen Page** means the display page on the relevant Reuters information service designated as: (a) in the case of the 5-year Mid-Swap Rate, the “ICESWAP/ISDAFIX2” page; or (b) in the case of EURIBOR 6-month, the “EURIBOR01” page, or in each case such other page, section or other part as may replace that page on that information service or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates equivalent or comparable thereto.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market.

**Reset Date** means the First Reset Date and each 5-year anniversary date thereafter.

**Reset Determination Date** means, for each Reset Interest Period, the day falling two TARGET Settlement Days prior to the Reset Date on which such Reset Interest Period commences, on which date the rate of interest applying during such Reset Interest Period will be determined.

**Reset Interest Period** means each period from (and including) one Reset Date (or the First Reset Date) to (but excluding) the next Reset Date.

**Reset Rate** for any Reset Interest Period means the sum of (i) the 5-year Mid Swap Rate in relation to that Reset Interest Period and (ii) the Margin (converted from an annual basis to a semi-annual basis) (rounded down to four decimal places, with 0.00005 being rounded down).

**Reset Reference Bank Rate** means, in relation to a Reset Interest Period and the Reset Determination Date in relation to such Reset Interest Period, the percentage rate determined in accordance with the provisions set out in Condition 4.5 (*Fallbacks*).

**Target Settlement Day** means any day on which TARGET is open for the settlement of payments in euro.

**TARGET** means the Trans-European Automated Real-Time Gross Settlement Express transfer payment system which utilises a single shared platform and which was launched on 19 November 2009.

#### **4.5 Fallbacks**

If on any Reset Determination Date the Relevant Screen Page is not available or the 5-year Mid Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its 5-year Mid Swap Rate Quotations at approximately 11.00 a.m. (Central European time) on such Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Reset Reference Bank Rate for the relevant Reset Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, as determined by the Calculation Agent. If on any Reset Determination Date only one Reference Bank provides the Calculation Agent with an offered quotation as provided in the foregoing provisions of this Condition 4.5, the Reset Reference Bank Rate shall be the quotation provided. If no quotations

are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be: (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the first Reset Date, the Reset Reference Bank Rate determined in respect of the immediately preceding Reset Interest Period or (ii) in the case of the first Reset Interest Period, the Reset Reference Bank Rate shall be equal to the 5-year Mid Swap Rate that most recently appeared on the Relevant Screen Page.

As used in these Conditions,

**Reference Banks** means four leading swap dealers in the interbank market selected by, or on behalf of, the Issuer.

#### 4.6 Calculation of Interest Amounts

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable - subject to Condition 3 (*Cancellation of Interest*) - on each Note for the relevant Interest Period by applying the Rate of Interest to the Prevailing Principal Amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding resulting figure to the nearest cent (half a cent being rounded upwards).

As used herein:

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4 for any period of time (the **Accrual Period**), “Actual/Actual (ICMA)”, which means:

- (i) where the number of days in the Accrual Period is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in one calendar year; or
- (ii) where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods in one calendar year; and
  - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods in one calendar year; and

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date), where **Determination Date** means the day and month (but not the year) on which any Interest Payment Date falls.

#### 4.7 Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Reset Rate of each Reset Interest Period and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth Luxembourg Business



Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression **Luxembourg Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

#### 4.8 Benchmark discontinuation

Notwithstanding the provisions above in Condition 4.4 (*Determination of Reset Rate in relation to a Reset Interest Period*) and Condition 4.5 (*Fallbacks*), if a Benchmark Event occurs in relation to an Original Reference Rate when any required Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 4.8 shall apply.

- (i) **Independent Adviser:** The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.8(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.8(iii)) and whether any Benchmark Amendments (in accordance with Condition 4.8(iv)) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Independent Adviser appointed pursuant to this Condition 4.8 shall act in good faith and (in the absence of bad faith, fraud and gross negligence) shall have no liability whatsoever to the Issuer, the Agent, the Paying Agents, or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.8.

- (ii) **Successor Rate or Alternative Rate:** If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:
  - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.8), with effect as from the date or, as the case may be, Interest Period, as specified in the notice delivered pursuant to Condition 4.8(v) below; or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.8), with effect as from the date or, as the case may be, Interest Period, as specified in the notice delivered pursuant to Condition 4.8(v) below.
- (iii) **Adjustment Spread:** The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser is unable to determine the quantum of, or a formula or methodology for the determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any) is determined in accordance with this Condition 4.8 and the Issuer, following consultation with the Independent Adviser and acting in good faith and in commercially reasonable manner, determines (A) that amendments to these Conditions and/or the relevant Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (if any) and/or necessary or appropriate to comply with any applicable regulation or guidelines on the use of benchmarks or other related documents issued by the competent regulatory authority (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.8(v) and subject (to the extent required) to giving any notice required to be given to, and receiving any consent required from, or non-objection from, the competent authority, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the relevant Agency Agreement to give effect to such Benchmark Amendments (subject to prior agreement with the Calculation Agent or Paying Agent, if required under the relevant Agency Agreement) with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.8(v) the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.8 will be notified at least 10 Business Days (or such shorter period as may be agreed between the Issuer and the Agent, Calculation Agent and/or Paying Agents (as appropriate)) prior to the relevant interest determination date by the Issuer to the Agent, Calculation Agent, the Paying Agents and, in accordance with Condition 15 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify (*inter alia*) the effective date of the Benchmark Amendments, if any.

No later than notifying the Agent of the same, the Issuer shall deliver to the Agent, the Calculation Agent and the Paying Agents a certificate signed by an authorised signatory of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.8; and
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread.
- (c) certifying that (i) the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above or, if that is not the case, (ii) explaining, in reasonable detail, why the Issuer has not done so.

The Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest

error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 4.8, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4.8, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Condition 4.8(i) to 4.8(v), the Original Reference Rate and the fallback provisions provided for in Condition 4.5 (*Fallbacks*) as applicable will continue to apply unless and until the Agent, the Calculation Agent and the Noteholders have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.8(v).

For the avoidance of doubt, if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or Alternative Rate (as applicable) on or before the date falling five Business Days prior to the relevant interest determination date relating to the next Interest Period, or if a Successor Rate or an Alternative Rate is not determined or adopted pursuant to the operation of this Condition 4.8 prior to such date, then the relevant Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 4.5 (*Fallbacks*).

Notwithstanding any other provision of this Condition 4.8, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause the then current or future disqualification of the Notes as Tier 1 Own Funds.

(vii) ***Definitions***

For the purposes of this Condition 4.8, unless defined above:

**Adjustment Spread** means either (a) a spread (which may be positive, negative or zero), or (b) the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

- (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the Issuer determines, following consultation with the Independent Adviser, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (iii) if the Issuer determines that no such spread is customarily applied, the Issuer determines, following consultation with the Independent Adviser, 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 the Successor Rate or the Alternative Rate (as the case may be).

**Alternative Rate** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 4.8(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

**Benchmark Amendments** has the meaning given to it in Condition 4.8(iv).

**Benchmark Event** means, with respect to an Original Reference Rate:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate, as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable),

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer

be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**Independent Adviser** means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4.8(i).

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); 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 the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board, the European Systemic Risk Board, or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### **4.9 Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, by the Calculation Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **5. PAYMENTS**

#### **5.1 Method of payment**

- (a) Subject as provided below, payments on the Notes will be made in euro 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 a euro cheque.
- (b) Payments will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through

1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

## **5.2 Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Upon the date on which any Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date (to the extent not cancelled pursuant to these Conditions) shall be payable only against surrender of the relevant definitive Note.

## **5.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

## **5.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of 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 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.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in the case of Notes in definitive form only; and
- (ii) a day on which TARGET is open.

## 6. REDEMPTION AND PURCHASE

### 6.1 No Redemption Date

The Notes have no fixed maturity or redemption date.

The Notes shall become immediately due and payable at their Prevailing Principal Amount only in case voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the duration of the Issuer is set at 31 December 2050 although, if this is extended, redemption of the Notes will be equivalently adjusted), as applicable; or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority.

The Issuer is entitled to redeem the Notes only in accordance with the provisions below. The Notes are not redeemable at the option of the Holders at any time.

### 6.2 Redemption for tax reasons

- (a) The Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option redeem the Notes in whole, but not in part, on giving not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable and specify the date fixed for redemption), if:
  - (A) (x) 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 9 (Taxation) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (Taxation)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last tranche of the Notes; and (y) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
  - (B) (x) deductibility of interest payable by the Issuer in respect of the Notes is materially reduced for income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of, or applicable in, the Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or

amendment becomes effective on or after the Issue Date of the last tranche of the Notes; and  
(y) such non-deductibility cannot be avoided by the Issuer taking reasonable measures available to it,

(each of (A) and (B) a **Tax Event**),

*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, in the case of (A), obliged to pay such additional amounts if a payment in respect of the Notes were then due or, in the case of (B), unable to deduct such amounts for income tax purposes.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (i) a certificate signed by a duly authorised representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or, in the case of (B), the Issuer is unable to deduct such amounts for income tax purposes, in each case, as a result of such change or amendment.
- (c) Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Prevailing Principal Amount together (to the extent that such interest has not been cancelled in accordance with these Conditions) with interest accrued to (but excluding) the date of redemption.

### **6.3 Redemption at the option of the Issuer**

The Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option, having given not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Notes then outstanding on any Optional Redemption Date and at their Prevailing Principal Amount together (to the extent that such interest has not been cancelled in accordance with these Conditions) with interest accrued to (but excluding) the relevant Optional Redemption Date.

**Optional Redemption Date** any Business Day from (and including) 27 April 2030 to (and including) the First Reset Date and thereafter, each Interest Payment Date.

### **6.4 Clean-Up Call Option**

In the event that at least 80% of the Original Principal Amount of the Notes has been purchased or redeemed by the Issuer, the Issuer may, subject to provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option (having given not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes then outstanding at their Prevailing Principal Amount together (to the extent that such interest has not been cancelled in accordance with these Conditions) with interest accrued to (but excluding) the date set for redemption.

### **6.5 Optional Redemption due to a Regulatory Event**

- (a) If at any time UnipolSai determines that a Regulatory Event has occurred with respect to the Notes, the Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option, redeem the Notes in whole but not in part at any time on giving not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall – subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*) – be irrevocable and shall specify the date fixed for redemption).



**Regulatory Event** means that as a result of any replacement or change to (or change in the interpretation by any competent court or authority of) the Applicable Regulations, which replacement or change occurs after the Issue Date of the last tranche of the Notes, the Notes (in whole or in part) are no longer capable of qualifying as Tier 1 Own-Funds of the Issuer (on a solo or group basis) and, for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being, as at 23 October 2020, Unipol Gruppo S.p.A.), of the Issuer's parent company (on a group basis), except where any such non-qualification is only the result of exceeding any then applicable limits on the inclusion of the Notes as Tier 1 Own Funds.

- (b) Notes redeemed pursuant to this Condition 6.5 will be redeemed at their Prevailing Principal Amount together (to the extent that such interest has not been cancelled in accordance with these Conditions) with interest accrued to (but excluding) the date of redemption.

## **6.6 Optional Redemption due to a Rating Event**

- (a) If at any time UnipolSai determines that a Rating Event has occurred with respect to the Notes, the Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option redeem the Notes in whole but not in part at any time, on giving not less than fifteen (15) and not more than thirty (30) days' notice to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable and specify the date fixed for redemption).

A **Rating Event** shall be deemed to have occurred if there is a change in the rating methodology (or the interpretation thereof) of a Rating Agency as a result of which the equity credit (or such other nomenclature as used by a Rating Agency from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share) (**Equity Credit**) previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the Equity Credit first assigned by such Rating Agency.

**Rating Agency** means any of Moody's Deutschland GmbH (**Moody's**), Fitch Ratings Ireland Limited (**Fitch**) and any other rating agency substituted for either of them by the Issuer and, in each case, any of their respective successors to the rating business thereof.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition 6.6, the Issuer shall deliver or procure that there is delivered to the Agent a written communication from the relevant international statistical rating organisation confirming the change in the current methodology and a certificate signed by a duly authorised representative of the Issuer stating that the circumstances described in the definition of Rating Event have occurred.
- (c) Notes redeemed pursuant to this Condition 6.6 will be redeemed at their Prevailing Principal Amount together (to the extent that such interest has not been cancelled in accordance with these Conditions) with interest accrued to (but excluding) the date of redemption.

## **6.7 Purchases**

The Issuer or any of its Subsidiaries may at any time, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 6.7 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.

## **6.8 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled

and the Notes purchased and cancelled pursuant to Condition 6.7 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

## **6.9 Trigger Event and optional redemption**

- (a) If the Issuer has elected to redeem the Notes in accordance with the aforementioned provisions of this Condition 6 but a Trigger Event occurs prior to the date of redemption, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, and no payment of the redemption amount will be due and payable and the Notes shall be written-down in accordance with the provisions of Condition 8 (*Principal Loss Absorption*).
- (b) The Issuer shall not give a redemption notice in accordance with the aforementioned provisions of this Condition 6 after a Trigger Event occurs and for so long it is not remedied.

## **7. CONDITIONS FOR REDEMPTION AND PURCHASE**

- (a) Any redemption of the Notes on the date fixed for redemption pursuant to these Conditions and any purchase of the Notes pursuant to Condition 6.8 (*Purchases*) is subject to the following conditions (**Conditions for Redemption and Purchase** and each, a **Condition for Redemption and Purchase**):
  - (i) the prior approval of the Lead Regulator has been obtained if such prior approval is required under the then Applicable Regulations, and such approval continues to be valid and effective as of the date fixed for redemption or purchase;
  - (ii) the relevant date for any redemption of the Notes pursuant to, as the case may be, Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer*), Condition 6.4 (*Clean-Up Call Option*), Condition 6.5 (*Optional Redemption due to a Regulatory Event*), Condition 6.6 (*Optional Redemption due to a Rating Event*) or of any purchase of the Notes pursuant to Condition 6.7 (*Purchases*) is after the fifth anniversary of the Issue Date, unless:
    - (A) such redemption or purchase is funded out of the proceeds of , or the Notes are exchanged or converted into, a new Own Fund Item of the same or higher quality than the Notes, where such redemption, purchase, exchange or conversion is subject to the approval of the Lead Regulator; or
    - (B) with reference to any redemption pursuant to Condition 6.5 (*Optional Redemption due to a Regulatory Event*) or Condition 6.2 (*Redemption for tax reasons*) only:
      - (aa) the Solvency Capital Requirement after the redemption will be exceeded by an appropriate margin, taking into account the solvency position, including medium-term capital plan, of the Issuer (on a solo and consolidated basis); and
      - (bb) (x) in the case of a redemption of the Notes in accordance with Condition 6.5 (*Optional Redemption due to a Regulatory Event*), the Lead Regulator considers such a change to be sufficiently certain; and the Issuer demonstrates to the satisfaction of the Lead Regulatory that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance; or (y) in the case of a redemption of the Notes in accordance with Condition 6.2 (*Redemption for tax reasons*), there is a change in the applicable tax treatment of the Notes which the Issuer demonstrates to the satisfaction of the Lead Regulator is material and was not reasonably foreseeable at the time of their issuance;
  - (iii) any redemption of the Notes that is after the fifth anniversary of the Issue Date and before the tenth anniversary of the Issue Date can only take place if the Issuer's Solvency Capital

Requirement after the redemption will be exceeded by an appropriate margin, taking into account the solvency position, including medium-term capital plan, of the Issuer (on a solo and consolidated basis), unless such redemption or purchase is funded out of the proceeds of, or the Notes are exchanged or converted into, a new Own Fund Item of the same or higher quality than the Notes, where such redemption, purchase, exchange or conversion is subject to the approval of the Lead Regulator;

- (iv) to the extent permitted under then prevailing Applicable Regulations, any alternative or additional pre-conditions to redemption of the Notes are met;
- (v) subject to Condition 7(c) below, the Solvency Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Capital Requirement to be breached;
- (vi) the Minimum Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Minimum Capital Requirement to be breached;
- (vii) redemption or purchase of the Notes (as applicable) will not cause the insolvency of the Issuer or accelerate the process of the Issuer becoming insolvent, in accordance with the provisions of the relevant insolvency laws and rules applicable to the Issuer from time to time;
- (viii) in the event the Issuer is required under then prevailing Applicable Regulations to report capital requirements on a group basis, where any (re)insurance undertaking included in the scope of group supervision of the Issuer under the Applicable Regulations (a Relevant Undertaking) is subject to a Relevant Proceeding (as defined below) at the time of the proposed redemption, all claims owed by the Relevant Undertaking to its policyholders and beneficiaries have been met; and
- (ix) no other event has occurred which, under then prevailing Applicable Regulations, would require redemption or purchase of the Notes (as applicable) to be suspended,

unless, in each case, such Condition for Redemption and Purchase is not, or is no longer, a requirement for such redemption or purchase (as applicable) under the Applicable Regulations at such time in order for the Notes to be recognised in the determination of Tier 1 Own Funds.

For the purposes of (viii) above, **Relevant Proceeding** means the winding-up of a Relevant Undertaking under applicable laws of the jurisdiction of the Relevant Undertaking in circumstances where the assets of the Relevant Undertaking (in the reasonable determination of the Issuer) may or will be insufficient to meet all amounts which, under applicable legislation or rules relating to the winding-up of insurance companies, the policyholders and beneficiaries are entitled to receive pursuant to a contract of insurance or reinsurance of the Relevant Undertaking.

- (b) In case the Conditions for Redemption and Purchase are not satisfied, unless Condition 7(c) applies, redemption of the Notes shall be suspended and the date fixed for optional redemption, in the case of an optional redemption pursuant to Condition 6.2 (Redemption for tax reasons), Condition 6.3 (*Redemption at the option of the Issuer*), Condition 6.4 (*Clean-Up Call Option*), Condition 6.5 (*Optional Redemption due to a Regulatory Event*) or Condition 6.6 (*Optional Redemption due to a Rating Event*) shall be postponed in accordance with the provisions set forth in Condition 7(d), regardless of any prior notice of redemption that may already have been delivered to the Noteholders and interest will, subject to Condition 3 (*Cancellation of Interest*) and Condition 8.2(a)(ii), continue to accrue on the principal amount outstanding of the Notes in accordance with Condition 4 (Interest) until such Notes are redeemed in full pursuant to these Conditions.
- (c) Notwithstanding the provisions of Condition 7(a)(v) and of Condition 7(d), the Notes may be redeemed even though there is non-compliance with the Solvency Capital Requirement or if

redemption or repayment would lead to such non-compliance, where all of the following conditions are met:

- (i) all of the Conditions for Redemption and Purchase are met other than that described in Condition 7(a)(v);
- (ii) the Lead Regulator has exceptionally waived the suspension of redemption of the Notes;
- (iii) all, but not some only, of the Notes are exchanged for or converted into another Own Fund Item of at least the same quality as the Notes; and
- (iv) the Minimum Capital Requirement will be complied with immediately following such redemption,

(together, the Conditions for Waiver of Redemption Suspension).

- (d) Any redemption of Notes notified to Noteholders pursuant to Condition 6.2 (Redemption for tax reasons), Condition 6.3 (*Redemption at the option of the Issuer*), Condition 6.4 (*Clean-Up Call Option*), Condition 6.5 (*Optional Redemption due to a Regulatory Event*) or Condition 6.6 (*Optional Redemption due to a Rating Event*) shall – unless Condition 7(c) applies - be suspended (in whole or in part), and the Issuer shall not be entitled to give any notice of redemption pursuant to the aforementioned Conditions, if the Conditions for Redemption and Purchase are not satisfied.

Following any suspension of redemption in accordance with this provision, the date originally fixed for redemption of the Notes pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer*), Condition 6.4 (*Clean-Up Call Option*), Condition 6.5 (*Optional Redemption due to a Regulatory Event*) or Condition 6.6 (*Optional Redemption due to a Rating Event*) shall be postponed to the earlier of:

- (i) the date notified by the Issuer on giving at least 5 Business Days' notice to the Noteholders in accordance with Condition 15 (*Notices*) following the day on which the Conditions for Redemption and Purchase are satisfied (and provided that the Conditions for Redemption and Purchase continue to be satisfied on the date of redemption); or
  - (ii) the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the duration of the Issuer is set at 31 December 2050 although, if this is extended, redemption of the Notes will be equivalently adjusted), as applicable; or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority.
- (e) Failure to redeem the Notes on the date fixed for redemption pursuant to Condition 6.2 (Redemption for tax reasons), Condition 6.3 (Redemption at the option of the Issuer), Condition 6.4 (Clean-Up Call Option), Condition 6.5 (Optional Redemption due to a Regulatory Event) or Condition 6.6 (Optional Redemption due to a Rating Event) as a result of this Condition 7 shall not constitute a default of the Issuer or any other breach of obligations under these Conditions for any purpose.
  - (f) The Issuer shall forthwith give notice to the Agent and the Noteholders in accordance with Condition 15 (*Notices*) below of: (i) any suspension of redemption pursuant to this Condition 7 (provided that any failure to deliver such notice shall not invalidate the suspension of redemption); (ii) following any such suspension, the date on which the Notes shall be redeemed in accordance with sub-paragraph (c) or (d) above.

## 8. PRINCIPAL LOSS ABSORPTION

### 8.1 Trigger Event

- (a) If at any time a Trigger Event occurs, the Issuer shall promptly notify the Lead Regulator (unless occurrence of the Trigger Event has been determined by the Lead Regulator) and shall deliver a notice to the Agent and, in accordance with Condition 15 (*Notices*), to the Noteholders as soon as practicable (a **Trigger Event Notice**).

The Trigger Event Notice shall specify (*inter alia*) the Write-Down Amount and the Write-Down Effective Date. If the Write-Down Amount and/or Write-Down Effective Date has not yet been determined on the date the Trigger Event Notice is delivered, or if there is any change to the amount and/or the date previously notified, the Issuer shall deliver a further notice to the Lead Regulator and the Noteholders to specify the Write-Down Amount and/or Write-Down Effective Date (or the change thereto) as soon as practicable after the date of delivery of the Trigger Event Notice.

- (b) A **Trigger Event** shall be deemed to have occurred, at any time, if the Issuer or the Lead Regulator determines that:
- (i) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is equal to or less than 75% of the Solvency Capital Requirement (on a solo or, as the case may be, group basis);
  - (ii) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement (on a solo or, as the case may be, group basis); or
  - (iii) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is less than the Solvency Capital Requirement (on a solo or, as the case may be, group basis) for a continuous period of three months from the date when non-compliance with the Solvency Capital Requirement was first observed.

**Parent Group** means, for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being, as at 23 October 2020, Unipol Gruppo S.p.A.), the Issuer's parent company and subsidiaries within its Solvency II scope of consolidation.

For the purposes of determining whether a Trigger Event has occurred, the Solvency Capital Requirement, the Minimum Capital Requirement and the amount of eligible own-fund items may be calculated at any time based on the latest values (whether or not published) available to the management of the Issuer and/or the Lead Regulator, including information reported by the Issuer internally pursuant to applicable reporting and monitoring procedures. Such determination shall, in the absence of manifest error, be binding on the Noteholders. The Trigger Event Notice delivered to the Agent shall be accompanied by a certificate signed by a duly authorised signatory of the Issuer certifying the accuracy of the contents of the Trigger Event Notice. Such certificate, which shall also be made available to the Noteholders, shall be treated and accepted by the Agent, the Noteholders and all other interested parties, as correct and sufficient evidence thereof and shall be conclusive and binding upon all such persons. Any final determination of the relevant Write-Down Amount by the Lead Regulator shall, in the absence of manifest error, be treated and accepted by the Agent, the Holders and all other interested parties as correct and shall be conclusive and binding upon all such persons.

- (c) A Trigger Event may occur on one or more occasions and the Prevailing Principal Amount of each Note may be written-down in accordance with this Condition 8 on more than one occasion, including where a Further Write-Down of the Notes takes place after an Initial Write-Down following a further deterioration of the Solvency Capital Requirement, provided that the Prevailing Principal Amount of a Note may never be reduced to below the smallest unit of such Note (currently one Euro cent), as determined by Applicable Regulations.

- (d) Any failure to deliver (or delay in the delivery of) the Trigger Event Notice or to give any other notifications to the Noteholders in connection with any Write-Down of the Notes shall not in any way affect the effectiveness of, or otherwise invalidate or prejudice, such Write-Down or give the Holders any rights, or entitlement to compensation or penalties, as a result of such failure or delay.

## 8.2 Write-down

- (a) Following the occurrence of a Trigger Event:
  - (i) the Issuer shall - unless Condition 8.3 (*Waiver of Write-Down*) applies – write-down the Notes, without delay and without any requirement for the consent or approval of the Noteholders, with effect as from the Write-Down Effective Date (each, a **Write-Down**) by an amount corresponding to the Write-Down Amount; and
  - (ii) any accrued and unpaid interest on the Notes through to (and including) the Write-Down Effective Date shall be automatically cancelled and shall not be due and payable; and from (and including) the Write-Down Effective Date, interest on the Notes shall accrue on their Principal Prevailing Amount as reduced by the Write-Down Amount (subject to any subsequent Write-Down(s) or Write-Up(s)).

**Write-Down Effective Date** means the date, selected by the Issuer, on which a Write-Down will take effect.

- (b) Each Write-Down of the Notes shall be made on the following basis:
  - (i) the Notes shall be written-down on a *pro-rata* basis on the basis of their Prevailing Principal Amount immediately prior to such Write-Down;
  - (ii) where appropriate and subject to compliance with the Applicable Regulations, each Write-Down of the Notes shall take place on a *pro-rata* basis with the concurrent (or substantially concurrent) write-down or conversion into equity of other Loss Absorbing Instruments that contain similar principal loss absorbency mechanisms, on the basis of their respective Prevailing Principal Amounts, *provided that*:
    - (A) any failure by the Issuer to write-down or convert into equity any other Loss Absorbing Instrument on a *pro-rata* basis with the Write-Down of these Notes will not affect the effectiveness, or otherwise invalidate, the Write-Down of these Notes or give the Noteholders any rights against, or entitlement to compensation from, the Issuer; and any write-down or conversion into equity of other Loss Absorbing Instrument that is not effective shall not be taken into account in determining the Write-Down Amount of the Notes;
    - (B) if the terms of any other Loss Absorbing Instrument provide for their write-down or conversion into equity in full and not in part only (the **Full Loss Absorbing Instruments**), in circumstances where a full Write-Down of these Notes is not required:
      - (x) the requirement that a Write-Down of these Notes shall be effected on a *pro rata* basis with the write-down or conversion into equity of the Full Loss Absorbing Instruments shall not be construed as to require the Notes to be written-down in full (except for the one cent floor) simply by virtue of the fact that such Full Loss Absorbing Instruments will be written-down or converted into equity in full;
      - (y) for the purposes of determining the Write-Down Amount, the Full Loss Absorbing Instruments will be treated as if their terms permitted partial write-down or conversion, such that the write-down or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two stages: *firstly*, the

principal amount of such Full Loss Absorbing Instruments shall be written-down or converted on a *pro rata* basis with the Notes and all other Loss Absorbing Instruments; and *secondly*, any residual principal amount of such Full Loss Absorbing Instruments shall be written-down or converted, with the effect of further increasing the Solvency Margin.

- (c) Following a Write-Down, the Noteholders shall automatically and irrevocably lose their rights to receive, and shall no longer have any rights against the Issuer with respect to, repayment of the Write-Down Amount (whether in winding-up of the Issuer or upon redemption of the Notes), without prejudice to their rights in respect of any principal amount reinstated pursuant to Condition 8.4 (*Write-Up*).
- (d) Any Write-Down of the Notes does not constitute an event of default or a breach of the Issuer's obligations or duties or failure to perform by the Issuer in any manner whatsoever, and shall not entitle the Noteholders to demand penalties or any other compensation or to petition for the insolvency, winding-up or dissolution of the Issuer.
- (e) The Write-Down Amount shall be determined by the Issuer as follows:
  - (A) If a Trigger Event has occurred in the circumstances described in point (iii) of the definition of Trigger Event and a partial Write-Down of these Notes would be sufficient to re-establish full compliance with the Solvency Capital Requirement, the Write-Down Amount shall correspond to the amount that – together with the concurrent (or substantially concurrent) write-down or conversion into equity of other Loss Absorbing Instruments as a result of the Solvency Margin having fallen below the applicable trigger level of such instrument – would be sufficient to re-establish compliance with the Solvency Capital Requirement;
  - (B) if a Trigger Event has occurred in the circumstances described in point (iii) of the definition of Trigger Event and a partial Write-Down of these Notes would not be sufficient to re-establish full compliance with the Solvency Capital Requirement, the Write-Down Amount shall correspond to the Linear Write-Down Amount;
  - (C) if a Trigger Event has occurred in the circumstances described in point (i) or (ii) of the definition of Trigger Event, the Write-Down Amount shall correspond to the amount necessary to reduce the Prevailing Principal Amount of each Note to the smallest unit of such Note (currently one Euro cent), as determined by the Applicable Regulations;
  - (D) following a Write-Down made in accordance sub-paragraph (B) above (the **Initial Write-Down**):
    - (x) if a Trigger Event subsequently occurs in the circumstances described in point (i) or (ii) of the definition of Trigger Event, the Write-Down Amount shall correspond to the amount necessary to reduce the Prevailing Principal Amount of each Note to the smallest unit of such Note (currently one Euro cent), as determined by the Applicable Regulations;
    - (y) if, by the end of a period of three months commencing from the date of the Trigger Event that resulted in the Initial Write-Down, no Trigger Event has occurred in the circumstances described in point (i) or (ii) of the definition of Trigger Event but the Solvency Margin has deteriorated further, a further Write-Down of the Notes shall be made in accordance with sub-paragraph (B) to reflect that further deterioration in the Solvency Margin (each such Write-Down being a **Further Write-Down**), provided that a Further Write-Down shall be made for each subsequent deterioration in the solvency ratio at the end of each subsequent period of three months until the Issuer has re-established compliance with the Solvency Capital Requirement; or

- (E) in any case, at such time and/or in such (other) amount as may be approved or determined by the Lead Regulator in its sole and absolute discretion in accordance with the Applicable Regulations

(the **Write-Down Amount**).

**Linear Write-Down Amount** means the amount, calculated by the Issuer, that would reflect a write-down of the Notes on a linear basis such as to result in each Note being written down:

- (x) to a Prevailing Principal Amount corresponding to the smallest unit of such Note (currently one Euro cent), as determined by the Applicable Regulations, if the then prevailing coverage of the Solvency Capital Requirement was at or below 75%; and
- (y) by a Write-Down Amount corresponding to zero, if the then prevailing coverage of the Solvency Capital Requirement was 100% or above,

taking into account, for the purposes of calculating the then prevailing coverage of the Solvency Capital Requirement, the concurrent (or substantially concurrent) write-down or conversion into equity of other Loss Absorbing Instruments (if any) and the latest available values of the Solvency Margin.

**Loss Absorbing Instrument** means at any time any instrument (other than the Notes) issued by the Issuer or (in each case if applicable) the Issuer's parent, or any member of the Group or of the Parent Group, which at such time: (i) qualifies as Tier 1 Own Funds of the Issuer, or (if applicable) of the Group and/or, for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company, of the Parent Group; and (ii) which is subject to utilization and conversion into equity or utilization and write-down (as applicable) of the Prevailing Principal Amount thereof (in accordance with its terms or otherwise) on the occurrence, or as a result, of the Solvency Margin falling below a specified level.

**Solvency Margin** means, from time to time, the own funds eligible to meet the Solvency Capital Requirement or the Minimum Capital Requirement of the Issuer, on a solo or group basis.

### 8.3 Waiver of Write-Down

- (a) Notwithstanding the provisions of Condition 8.2 (*Write-Down*), a Write-Down of the Notes will not be required if all of the following conditions are met:
  - (i) the Trigger Event occurs in the circumstances described in point (iii) of the definition of Trigger Event;
  - (ii) there have been no previous Trigger Event(s) in the circumstances described in points (i) or (ii) of the definition of Trigger Event;
  - (iii) the Lead Regulator has agreed exceptionally to waive a write-down of the Notes on the basis of: (x) projections provided to the Lead Regulator when the Issuer submits the recovery plan required by Article 138(2) of the Solvency II Directive that demonstrate that a write-down of the Notes would be very likely to give rise to a tax liability that would have a significant adverse effect on the Issuer's solvency position; and (y) a certificate issued by the Issuer's statutory auditors certifying that all of the assumptions used in the projections are realistic

(together, the **Conditions for Waiver of Write-Down**).

- (b) In case a Trigger Event Notice has already been delivered to the Noteholders, the Issuer shall deliver a further notice to the Noteholders in accordance with Condition 15 (*Notices*) to inform the Noteholders that the relevant write-down will be waived following satisfaction of the Conditions for Waiver of Write-Down.
- (c) For the avoidance of doubt, if the Issuer is able to ascertain immediately satisfaction of the Conditions for Waiver of Write-Down following the occurrence of a Trigger Event in the circumstances described



in point (iii) of the definition of Trigger Event, no Trigger Event Notice needs to be given by the Issuer to the Noteholders under Condition 8.1 (*Trigger Event*) above.

#### 8.4 Write-Up

- (a) For so long as the Notes remain written down, the Issuer may, at its discretion, write-up the Prevailing Principal Amount of the Notes up to a maximum of the Original Principal Amount (each, a **Write-Up**), in an amount corresponding to the Write-Up Amount, *provided that* all of the following conditions are met:
  - (i) no Trigger Event has occurred and is continuing, or would occur as a result of such Write-Up (either alone or together with the write-up of other Loss Absorbing Written Down Instruments);
  - (ii) prior approval of the Lead Regulator has been obtained (if such approval is required under the then prevailing Applicable Regulations);
  - (iii) compliance with the Solvency Capital Requirement has been re-established;
  - (iv) the Write-Up is not activated by reference to Own Fund Items issued or increased in order to restore compliance with the Solvency Capital Requirement; and
  - (v) the Write-Up occurs on the basis of profits which contribute to Distributable Items made subsequent to compliance with the Solvency Capital Requirement, in a manner that does not undermine the loss absorbency intended by Article 71(5), or hinder recapitalisation as required by Article 71(1)(d), of the Solvency II Regulation.
- (b) A Write-Up may occur on one or more occasions until the Prevailing Principal Amount of the Notes have been reinstated to the Original Principal Amount.
- (c) A Write-Up of these Notes shall be operated at the full discretion of the Issuer, subject to the approval (if required) of the Lead Regulator, and there shall be no obligation for the Issuer to operate or accelerate any Write-Up under specific circumstances. Any decision by the Issuer to effect, or not to effect, a Write-Up on any occasion shall not oblige the Issuer to effect, or prevent the Issuer from effecting, a Write-Up on any other occasion pursuant to this Condition 8.4.
- (d) If the Issuer exercises its discretion to effect a Write-Up in accordance with and subject to the limits of this Condition 8.4, it shall give a notice thereof to the Noteholders in accordance with Condition 15 (*Notices*) specifying the Write-Up Amount (which shall be conclusive and binding on the Noteholders) and the date such Write-Up shall take effect (the **Write-Up Effective Date**).
- (e) On the Write-Up Effective Date and provided that all requisite conditions for a write-up of the Notes continue to be satisfied, the Issuer may write-up the Prevailing Principal Amount of the Notes by the Write-Up Amount.
- (f) Each Write-Up of the Notes shall be made on the following basis:
  - (i) each Note shall be written-up on a *pro-rata* basis with all other Notes;
  - (ii) the Write-Up shall take place with effect as of the date of the Write-Up Effective Date; and
  - (iii) from (and including) the Write-Up Effective Date, interest on the Notes shall accrue on their Prevailing Principal Amount as written-up by the Write-Up Amount (subject to any subsequent Write-Down(s) or Write-Up(s)).
- (g) The Issuer shall endeavour that each Write-Up of the Notes will take place on a *pro-rata* basis with the concurrent (or substantially concurrent) write-up of other Loss Absorbing Written Down

Instruments with similar write-up provisions to those contained in these Conditions, on the basis of their respective Prevailing Principal Amounts, *provided however that* any failure by the Issuer to write-up these Notes on at least a *pro-rata* basis with the write-up of any other Loss Absorbing Written Down Instruments shall not constitute any default by, and will not give the Noteholders any rights against, or entitlement to compensation from, the Issuer.

**Loss Absorbing Written Down Instrument** means any Loss Absorbing Instrument whose principal amount outstanding has been written down in accordance with its terms.

**Write-Up Amount** means the amount determined by the Issuer at its discretion, by which the Notes are to be written-up with effect as of the Write-Up Effective Date in accordance with and subject to the limits of Condition 8.4 and the Applicable Regulations.

## 9. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts on interest (but not, unless permitted by the Applicable Regulations at the time of the relevant payment, principal) as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the amounts of interest (or principal, if permitted by the Applicable Regulations at the time of the relevant payment) which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment in the Republic of Italy;
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon;
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*));
- (iv) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (v) for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (**Decree No. 239**) as amended and/or supplemented or any regulations implementing or complying with such Decree; or
- (vi) where such withholding or deduction is required pursuant to Sections 1471 through 1471 of the Code, any laws, regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (a) **Tax Jurisdiction** means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax; and

- (b) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*).

## 10. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Notes and Coupons*).

## 11. ENFORCEMENT EVENT

If an order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer, otherwise than for the purpose of: (i) a Permitted Reorganisation; or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement) (an **Enforcement Event**), then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at their Prevailing Principal Amount, together with accrued interest (to the extent not cancelled pursuant to these Conditions) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**Permitted Reorganisation** means any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar arrangements (including, without limitation, leasing of the assets or going concern) of the Issuer which is part of a related sequence of events whereby, during or upon completion of the sequence, all or substantially all of the assets and liabilities of the Issuer, including the rights and obligations of the Issuer under or in respect of the Notes, the Agency Agreement, will be assumed in accordance with applicable law by a Person which, immediately after such assumption, is a member of the group consisting of the Issuer and its consolidated Subsidiaries, which, in any such case, does not result in a Ratings Downgrade;

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

**Rating Agencies** means, for the purposes of this Condition 11, any Rating Agency (as defined in Condition 6.6 (*Optional Redemption due to a Rating Event*)) which, at the time of the Permitted Reorganisation, has issued a rating on the Notes;

A **Ratings Downgrade** will be deemed to have occurred if, immediately prior to a Reorganisation Period, the Notes carry:

- (a) an investment grade credit rating (Baa3/BBB-, or equivalent, or better) from any Rating Agency and such rating is, during the Reorganisation Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by the relevant Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency;

- (b) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) from any Rating Agency and such rating is, during the Reorganisation Period, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded by such Rating Agency to a credit rating that is equivalent or better to the credit rating that was applicable immediately prior to the Reorganisation Period or (in the case of a withdrawal) replaced by a credit rating from any other Rating Agency that is equivalent to or better than the credit rating that was applicable immediately prior to the Reorganisation Period; or
- (c) no credit rating and no Rating Agency assigns to the Notes within 60 days of the end of the Reorganisation Period a credit rating that is equivalent to or better than the Issuer's credit rating from any one or more Rating Agencies immediately prior to the Reorganisation Period;

provided that a Ratings Downgrade shall be deemed not to have occurred in respect of a Permitted Reorganisation if the Rating Agency does not publicly announce or publicly confirm that the reduction was the result, in whole or in part, of the Permitted Reorganisation.

**Reorganisation Period** shall mean the period from the date of the first public announcement of an agreement, arrangement or proposal that could result in any event or transaction described in the definition of Permitted Reorganisation until the end of a 60-day period following public notice of the completion of the relevant transaction (or such longer period as the rating of the Notes is under publicly announced consideration for rating review); and

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

- (a) if a majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person;
- (b) in which the first Person holds a sufficient number of votes to give it a dominant influence in ordinary shareholders' meetings of the second Person; or
- (c) which is under the dominant influence of the first Person by virtue of certain contractual relationships between the first Person and the second Person,

pursuant to the provisions of Article 2359 of the Italian Civil Code.

## 12. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

## 13. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent;

- (ii) 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 a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (iii) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **14. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*).

## **15. NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London or, if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the Financial Times in London or, as applicable, the Luxemburger Wort or the Tageblatt in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given 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.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules and regulations or as otherwise permitted by those rules and regulations. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg. Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given

by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **16. MEETINGS OF NOTEHOLDERS**

### **16.1 Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes, the Coupons, any of these Conditions or any of the provisions of the Agency Agreement.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution (as defined in the Agency Agreement), the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy (including, without limitation, Legislative Decree No. 58 of 24 February 1998 as amended) and the by-laws of the Issuer in force from time to time and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the by-laws of the Issuer are amended at any time while the Notes remain outstanding. Italian law currently provides that any such meeting may be convened by the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon the request of Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being outstanding. If the Issuer or the Noteholders' Representative defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of aggregate principal amount of the Notes for the time being outstanding, the same may be convened by decision of the competent Court upon request by such Noteholders. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code.

Such a meeting will be validly held (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) if (i) in the case of a sole call meeting, there are one or more persons present being or representing Noteholders holding at least one-fifth of the principal amount of the outstanding Notes, or (ii) in the case of multiple call meetings, (a) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes, (b) in the case of a second 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 (c) in the case of a third meeting or any subsequent meeting following a further adjournment, there are one or more persons present being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes, provided however that the Issuer's by-laws may in each case (to the extent permitted under the applicable Italian law) provide for a different quorum. For the avoidance of doubt, each meeting will be held as a sole call meeting or as a multiple call meeting depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time. The majority required to pass a resolution at any meeting convened to vote on any resolution will be one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes represented at the meeting; provided, however, that (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) may only be sanctioned by a resolution passed at a meeting of Noteholders (including any adjourned meeting) by one or more persons holding or representing not less than one-half of the aggregate principal amount of the outstanding Notes unless a different majority is required pursuant to Article 2368 paragraph 2 or Article 2369 paragraph 3 or paragraph 7, of the Italian Civil Code, and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for different majorities. An Extraordinary Resolution

(as defined in the Agency Agreement) 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.

## 16.2 Noteholders' Representative

A joint representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**), subject to applicable provisions of Italian law, will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the competent Court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

## 16.3 Modification

The Conditions may not be amended without the prior approval of the Lead Regulator. The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to make any modification which is, in the opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven 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, in each case in the opinion of the Issuer, it is of a formal, minor or technical nature or it is made to correct a manifest or proven error or it is not materially prejudicial to the interests of the Noteholders.

## 16.4 Modification following a Regulatory Event, Tax Event or Rating Event

- (a) The Issuer may, without any requirement for the consent or approval of the Noteholders, modify the terms of the Notes to the extent that such modification is reasonably necessary to ensure that no such Regulatory Event, Tax Event or, as applicable, Rating Event would exist after such modification; provided that, following such modification:
- (i) the terms and conditions of the Notes, as so modified (the **modified Notes**) are – in the Issuer's reasonable determination after having consulted an independent investment bank of international standing – no more prejudicial to Noteholders than the terms and conditions applicable to the Notes prior to such modification (the **existing Notes**), *provided that* any modification may be made in accordance with subparagraphs (ii) to (iv) below and any such modification that meet the requirements set out in subparagraphs (ii) to (iv) below shall not constitute a breach of this subparagraph (i);
  - (ii) the person having the obligations of the Issuer under the modified Notes continues to be the Issuer;
  - (iii) the modified Notes rank at least equal to the existing Notes prior to such modification and feature the same tenor, principal amount, interest rates (including applicable margins), interest payment dates and first call date (if any) (except for any early redemption rights analogous to redemption rights under the existing Notes (if any) for any Regulatory Event, Clean-Up, Tax Event or Rating Event), and the same existing rights (including any accrued interest and any other amounts payable under the Notes) as the existing Notes prior to such modification; and
  - (iv) the modified Notes continue to be listed on a regulated market (for the purposes of the Markets in Financial Instruments Directive 2014/65/EU) of an internationally recognised stock exchange as selected by the Issuer (*provided that* the existing Notes were so listed prior to the occurrence of such Regulatory Event, Tax Event or, as applicable, Rating Event),

and *provided further that*:

- (1) prior to any modification to the Notes pursuant to this Condition 16.4, UnipolSai has obtained approval of the proposed modification from the Lead Regulator (if such approval is required) or has given prior written notice (if such notice is required to be given) to the Lead Regulator and, following the expiry of all relevant statutory time limits, the Lead Regulator is no longer entitled to object or impose changes to the proposed modification;
  - (2) the modification does not give rise to a change in any published solicited rating of the existing Notes in effect at such time (to the extent the existing Notes were rated prior to the occurrence of such Regulatory Event, Tax Event or, as applicable, Rating Event);
  - (3) the modification does not give rise to any right on the part of the Issuer to exercise any option to redeem the modified Notes that does not already exist prior to such modification, without prejudice to the provisions under Condition 6.3 (*Redemption at the option of the Issuer*);
  - (4) prior to any modification to the Notes pursuant to this Condition 16.4, the Issuer has delivered to the Agent a certificate, substantially in the form shown in the Agency Agreement, signed by a duly authorised representative of the Issuer stating that conditions (i) to (iv) and (1) to (3) above have been complied with, such certificate to be made available for inspection by Noteholders; and
  - (5) in the case of any proposed modifications owing to a Tax Event, the Issuer has, prior to any modification to the Notes pursuant to this Condition 16.4, delivered to the Agent an opinion of independent legal or tax advisers of recognised standing to the effect that the Tax Event can be avoided by the proposed modifications.
- (b) In connection with any modification as indicated in this Condition 16.4, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are then listed or admitted to trading.

## **17. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further tranche(s) of notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Notes.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **18.1 Governing law**

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

### **18.2 Submission to jurisdiction**

- (a) Subject to subparagraph (c) below, the courts of Milan have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the courts of Milan.
- (b) For the purposes of this Condition 19.2, the Issuer waives any objection to the courts of Milan on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.



- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, and (ii) concurrent proceedings in any number of jurisdictions.
- (d) Without prejudice to the remaining paragraphs of this Condition 19, the Issuer waives any right it may have to a jury of trial or cause of action in connection with the Agency Agreement and the Notes. These Conditions may be filed as a written consent to a bench trial.
- (e) The Notes do not have the benefit of Article 1186 of the Italian Civil Code nor, to the extent applicable, Article 1819 of the Italian Civil Code.

## 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”.*

The Temporary Global Note and the Permanent Global Note (each a **Global Note**) contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. Beneficial interests in the Permanent Global Note will be shown on, and transfers thereof will be effected only through, records maintained in a book-entry form by Euroclear and/or Clearstream, Luxembourg. The Global Notes will be issued in new global note (NGN). On 13 June 2006, the European Central Bank (the **ECB**) announced the Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the **Eurosystem**), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions:

### ***Exchange for Permanent Global Note and Definitive Notes***

- (a) The Temporary Global Note will be exchangeable, in whole or in part, for the Permanent Global Note not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership.
- (b) Upon the occurrence of an Exchange Event (as further described below), the Permanent Global Note may be exchanged for duly executed and authenticated definitive Notes without charge and the Fiscal Agent or such other person as the Fiscal Agent may direct (the **Exchange Agent**) shall deliver, in full (but not in partial) exchange for the Permanent Global Note, an aggregate nominal amount of duly executed and authenticated definitive Notes with Coupons attached equal to the total nominal amount of the Permanent Global Note.

An **Exchange Event** will occur if:

- i. the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- ii. the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

The definitive Notes to be issued on exchange will be in bearer form in denominations of €200,000 and integral multiples of €1,000 in excess thereof up to and including €399,000 each with Coupons and talons for further Coupons attached.

If principal in respect of any Notes is not paid when due and payable, the holder of the Permanent Global Note may by notice to the Paying Agent require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or (*provided that*, if the Permanent Global Note is held by or on behalf of a Clearing System, that Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for definitive Notes on or after the exchange date specified in such notice.

On or after any exchange into definitive Notes the holder of the Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Paying Agent. In exchange for the Permanent Global Note, or the part thereof to be exchanged, the Issuer

will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in bearer form (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Notes.

### ***Payments***

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused *provided that*, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of the Notes, surrender of the Permanent Global Note to or to the order of any Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of the Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of the Permanent Global Note shall be made by the relevant Clearing Systems.

### ***Payments on Business Days***

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note “business day” means any day on which the TARGET system is open.

### ***Notices***

For so long as all of the Notes are represented by the Temporary Global Note and the Permanent Global Note and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined in the Permanent Global Note), provided that, so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, notice will also be given by publication on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper published in Luxembourg if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

### ***Interest Calculation***

For so long as Notes are represented by one or both of the Global Notes, interest payable to the bearer of a Global Note will be calculated by applying (i) in respect of the Interest Period from the Issue Date to (but excluding) the First Reset Date, the rate of 6.375 per cent. per annum to the Prevailing Principal Amount for the time being outstanding of the Global Note, and (ii) in respect of each Interest Period from (and including) the First Reset Date, the relevant Reset Rate to the Prevailing Principal Amount for the time being outstanding of the Global Note. The resultant figure is rounded to the nearest cent (half a cent being rounded upwards).

### ***Purchase and Cancellation***

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

### ***Write-Down/Write-Up of the Notes***

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, any Write-Down or Write-Up of the Prevailing Principal Amount of the Notes shall be treated on a *pro rata* basis.

### ***Authentication and Effectuation***

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Paying Agent and effectuated by the entity appointed as common safekeeper by Euroclear and/or Clearstream, Luxembourg.

### ***Accountholders***

For so long as any of the Notes is represented by the Permanent Global Note or by the Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each person (other than a relevant Clearing System) who is for the time being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 15 (*Notices*) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the Permanent Global Note in accordance with and subject to its terms and the terms of the Agency Agreement. Each Accountholder must look solely to the relevant Clearing Systems for its share of each payment made to the bearer of the Permanent Global Note.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, expected to amount to approximately €496,000,000 after deduction of the commissions incurred in connection with the issue of the Notes, will be applied by the Issuer for its general corporate purposes and to improve the regulatory capital structure of the Group, in line with the Issuer's objective to early redeem two series of subordinated Tier 2 notes in 2021 and 2023, subject to authorisation of the regulator IVASS .

## DESCRIPTION OF THE ISSUER

Please refer to the information on UnipolSai and the Group in the documents incorporated by reference as set out in the section headed “*Documents Incorporated by Reference*”.

1. The paragraphs headed “*Board of Directors*” and “*Other offices held by members of the Board of Directors*” on pages 165 – 168 of the EMTN Base Prospectus, incorporated by reference in this Prospectus, will be integrated by the following.

On 9 September 2020, Adriano Turrini resigned as a member of the Board of Directors with immediate effect.

On 1 October 2020, the Board of Directors of UnipolSai appointed Mario Cifiello as non-executive board member to replace Adriano Turrini who resigned, pursuant to Article 2386(1) of the Italian Civil Code and the Issuer’s articles of association. Mr. Cifiello will remain in office until the next shareholders’ meeting. The table below sets forth the main positions held by Mr. Cifiello outside UnipolSai.

<b>Name</b>	<b>Position</b>	<b>Main positions held outside UnipolSai</b>
Mario Cifiello	Director	Chairman of Coop Alleanza 3.0 Soc. Coop, Chairman of Trmedia S.r.l., Member of the Board of Legacoop Nazionale, Member of the Board of Legacoop Bologna, Member of the Board of A.N.C.C., Director of Coop Italia Soc. Coop., Chairman of Fico.op S.r.l., Director of Unipol Gruppo S.p.A.

Members of the Board of Directors and the Board of Statutory Auditors of UnipolSai may, from time to time, hold directorships with or have other significant interests in companies outside the Group which may have business relationships with the Group. UnipolSai has in place procedures aimed at identifying and managing any conflicts or potential conflicts of interest, to ensure where possible that no actual or potential conflicts of interest will arise. As at the date of this Prospectus, there are no actual or potential conflicts of interest between the duties of all of the current members of the Board of Directors and the Board of Statutory Auditors of UnipolSai and their private interests or other duties.

2. The paragraph headed “*Shareholders*” on page 164 of the EMTN Base Prospectus, incorporated by reference in this Prospectus, will be integrated by the following.

On 29 April 2020, the extraordinary shareholders’ meeting of UnipolSai approved, *inter alia*, amendment to article 7 of UnipolSai’s articles of association, introducing shares with increased voting rights pursuant to article 127-quinquies of TUF, with the objective to encourage shareholders to take a medium-long term approach to investment, promoting the presence of stable investors to lay the grounds for a long-term increase in the value of UnipolSai’s shares and to support company growth that guarantees sustainable profitability. As amended, the articles of association provide that two votes can be assigned to each share held by any shareholder who asks to be registered on a Special List, maintained and updated by the company, and who has held the share continuously for a period of not less than 24 months starting from the date of registration on the list. The following table sets forth the list of shareholders, as at 5 October 2020, with a shareholding of more than 3 per cent. included in the Special List for entitlement to the benefit of increased voting rights.

Shareholder	Effective date of registration	Registered shares	% of share capital
Unipol Gruppo S.p.A.	1.8.2020	1,725,656,482	60.983%
Unipol Investment S.p.A.	1.8.2020	282,940,000	9.999%
UnipolPart I S.p.A.	1.8.2020	234,475,000	8.286%
Unipol Finance S.r.l.	1.8.2020	144,980,500	5.123%
	1.10.2020	14,705,000	0.520%
		<b>159,685,500</b>	<b>5.643%</b>

### 3. Issuer Rating

The Issuer has been rated “BBB/stable” (insurance financial strength rating) by Fitch; “Baa3/stable” (insurance financial strength rating) by Moody’s; “A-/stable” (financial strength rating) and “a-/stable” (Long-Term issuer credit rating) by A.M. Best (EU) Rating Services B.V. (**A.M. Best**) and “A(high)/negative” (Financial Strength Rating and Issuer Rating) by DBRS Limited (endorsed by DBRS Ratings Limited and DBRS Rating GmbH for use in the European Union). Each of Moody’s, Fitch, A.M. Best and DBRS is established in the European Union or the UK and is registered under the CRA Regulation.

### 4. Solvency ratios at 30 June 2020

#### *Solvency ratios of UnipolSai (at solo level) and of Unipol Gruppo (at group level) on the basis of the Partial Internal Model*

The following table shows the amount of own funds eligible to cover the Solvency Capital Requirement and Minimum Capital Requirement of each of UnipolSai (at solo level) and Unipol Gruppo (at group level, on the basis of its Solvency II scope of consolidation), calculated on the basis of the Partial Internal Model as at 30 June 2020.

	UnipolSai (solo level)	Unipol Gruppo (group level)
Eligible amount of own funds to meet SCR	€7.6 billion	€7.4 billion
Solvency Capital Requirement	€2.8 billion	€3.9 billion
Ratio of Eligible Own Funds to SCR	2.72	1.88
Eligible amount of own funds to meet MCR	€6.6 billion	€5.0 billion
Minimum Capital Requirement	€1.3 billion	€1.5 billion
Ratio of Eligible Own Funds to MCR	5.26	3.29

The following table sets forth the main components of the Solvency Capital Requirement of UnipolSai (at solo level) and of Unipol Gruppo (at group level, on the basis of its Solvency II scope of consolidation), calculated on the basis of the Partial Internal Model as at 30 June 2020.

	UnipolSai (solo level)	Unipol Gruppo (group level)
<i>(euro in billions)</i>		
Non-Life and health underwriting risk	1.8	1.9
Life underwriting risk	0.4	0.5
Market risk	2.5	2.6
Credit risk	0.4	0.3
Diversification	(1.4)	(1.4)
Ring Fenced Funds	0.0	0.0
Operational risk	0.5	0.6
Additional Loss Absorbing Capacity (Technical Provisions/Deferred Tax)	(1.4)	(1.7)
SCR Other	0.0	0.1
SCR of foreign subsidiaries	0.0	0.3
Financial capital requirement	0.0	0.8
<b>Solvency Capital Requirement</b>	<b>2.8</b>	<b>3.9</b>

The following table shows the composition of the own funds of UnipolSai (at solo level) and of Unipol Gruppo (at group level), as at 30 June 2020.

	UnipolSai (solo level)	Unipol Gruppo (group level)
	<i>(euro in billions)</i>	
Tier 1	6.4	6.2(*)
- of which Tier 1 unrestricted	5.3	5.3(**)
Tier 2	1.1	1.0
Tier 3	0.1	0.2
(*) being €4.7 billion of own funds for the insurance sector and €1.5 billion of own funds for the financial sector		
(**) being €3.8 billion of own funds for the insurance sector and €1.5 billion of own funds for the financial sector		

The following table illustrates the sensitivities, as at 31 December 2019, expressed (in percentage points) as a measure of their impact on the Solvency II ratio of UnipolSai (at solo level) and of Unipol Gruppo (at group level, on the basis of its Solvency II scope of consolidation), calculated on the basis of the Partial Internal Model.

	UnipolSai (solo level)	Unipol Gruppo (group level)
	<i>(percentage points)</i>	
Shift upward of the interest rate curve (+50 bps)	0	-1
Shift downward of the interest rate curve (-10 bps)	3	2
Shift on bond yield (spread financial and corporate: +100 bps)	4	2
Shock on equity market (stock prices: -20%)	-5	-5
Shock on property market (value of RE and RE funds: -15%)	-7	-8
Shock on Italian government bonds yield (+100 bps)	-44	-26

As defined in the Conditions, a **Trigger Event** shall be deemed to have occurred, at any time, if the Issuer or the Lead Regulator determines that:

- (i) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is equal to or less than 75% of the Solvency Capital Requirement (on a solo or, as the case may be, group basis);
- (ii) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement (on a solo or, as the case may be, group basis); or
- (iii) the amount of Own Fund Items of the Issuer and/or, as the case may be, the Parent Group eligible to cover the Solvency Capital Requirement is less than the Solvency Capital Requirement (on a solo or, as the case may be, group basis) for a continuous period of three months from the date when non-compliance with the Solvency Capital Requirement was first observed.

**Parent Group** means, for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being, as at 23 October 2020, Unipol Gruppo S.p.A.), the Issuer's parent company and subsidiaries within its Solvency II scope of consolidation.

The following table illustrates the buffer to each of these Trigger Events, calculated as the difference between the amount of Own Fund Items and the relevant capital requirement, of UnipolSai (at solo level) and of Unipol Gruppo (at group level, on the basis of its Solvency II scope of consolidation), calculated on the basis of the Partial Internal Model as at 30 June 2020.



	UnipolSai (solo level)	Unipol Gruppo (group level)
	<i>(euro in billions)</i>	
Own Fund Items eligible to meet SCR	7.6	7.4
Buffer to 100% SCR	4.8	3.5
Buffer to 75% SCR	5.5	4.5
Own Fund Items eligible to meet MCR	6.6	5.0
Buffer to 100% MCR	5.4	3.5

The following table illustrates the amount of available Distributable Items of UnipolSai, calculated on an unconsolidated basis, as at 31 December 2019 and 2018.

	31 December 2018	31 December 2019
	<i>(euro in millions)</i>	
Shareholders' equity	5,766	6,058
Non-distributable items	-2,520	-2,517
of which share capital	-2,031	-2,031
of which others	-489	-486
Distributable Items	3,245	3,541

As defined in the Conditions, **Distributable Items** means, with respect to and as at any Interest Payment Date (or any other date on which interest is due to be paid on the Notes), without double-counting, an amount equal to: (i) the retained earnings and distributable reserves of the Issuer, calculated on an unconsolidated basis, as at the last calendar day of the then most recently ended financial year of the Issuer; *plus* (ii) the interim retained earnings (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such date; *less* (iii) the interim net loss (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer's then latest financial year end to (but excluding) such date, each as defined under national law, or in the articles of association, of the Issuer and subject as otherwise specified from time to time in the Applicable Regulations.

#### ***Solvency ratios of UnipolSai at consolidated level on the basis of Economic Capital Model<sup>2</sup>***

The following table shows the amount of own funds eligible to cover the Solvency Capital Requirement and Minimum Capital Requirement of UnipolSai (at consolidated level) based on the Economic Capital Model, as at 31 December 2019 and 30 June 2020.

	31 December 2019	30 June 2020
Eligible amount of own funds to meet SCR	€8.4 billion	€7.7 billion
Solvency Capital Requirement	€3.3 billion	€3.1 billion
Ratio of Eligible Own Funds to SCR	2.52	2.49
Eligible amount of own funds to meet MCR	€7.5 billion	€6.7 billion
Minimum Capital Requirement	€1.6 billion	€1.5 billion
Ratio of Eligible Own Funds to MCR	4.68	4.43

<sup>2</sup> Economic capital is the measure of absorbed capital calculated on the basis of the principles and models applied in the Partial Internal Model and having operational value

The following table sets forth the main components of the Solvency Capital Requirement of UnipolSai (at consolidated level), calculated on the basis of the Economic Capital Model as at 30 June 2020.

	<b>30 June 2020</b> (euro in billions)
Non-Life and health underwriting risk	1.9
Life underwriting risk	0.4
Market risk	2.6
Credit risk	0.4
Diversification	(1.5)
Ring Fenced Funds	0.0
Operational risk	0.6
Additional Loss Absorbing Capacity (Technical Provisions/Deferred Tax)	(1.6)
SCR Other	0.1
SCR of foreign subsidiaries	0.3
Financial capital requirement	0.0
<b>Solvency Capital Requirement</b>	<b>3.1</b>

The following table shows the composition of the own funds of UnipolSai (at consolidated level) as at 30 June 2020.

	<b>30 June 2020</b> (euro in billions)
Tier 1	6.4(*)
- of which Tier 1 unrestricted	5.4(**)
Tier 2	1.1
Tier 3	0.1
(*) being €6.4 billion of own funds for the insurance sector and €0.1 billion of own funds for the financial sector	
(**) being €5.3 billion of own funds for the insurance sector and €0.1 billion of own funds for the financial sector	

The following table illustrates the sensitivities, as at 31 December 2019, expressed (in percentage points) as a measure of their impact on the Solvency II ratio of UnipolSai (at consolidated level), calculated on the basis of the Economic Capital Model.

	<b>31 December 2019</b> (percentage points)
Shift upward of the interest rate curve (+50 bps)	-1
Shift downward of the interest rate curve (-10 bps)	2
Shift on bond yield (spread financial and corporate: +100 bps)	5
Shock on equity market (stock prices: -20%)	-4
Shock on property market (value of RE and RE funds: -15%)	-11
Shock on Italian government bonds yield (+100 bps)	-37

## 5. Solvency ratio risk management actions

UnipolSai's policies, and in particular "Risk Management Policy", are based on the "Risk Appetite Framework" that regulates the escalation process in those cases when limits connected to risk appetite, risk tolerance and/or the risk capacity of individual companies in the Group perimeter are triggered. In such cases, the Board of Directors may, among other things, consider taking risk mitigation actions in order to restore the expected levels of risk appetite and risk tolerance, including in particular:

- **financial hedging transactions** (e.g. hedging through derivative financial instruments) as established by the Group's investment policy;
- **reinsurance**: transfer part of the underwriting risk outside the Group, favoring a greater business development capacity, through a proportional reduction of the volumes under risk (e.g. proportional treaties) and by limiting the amounts of peak claims (e.g. non-proportional treaties) in accordance with the provisions of the "Reinsurance policy and additional risk mitigation techniques";

- **guarantees against credit risk;**
- **management actions:** restructuring of assets and/or liabilities structures under management or sale of assets and/or liabilities (closing of positions);
- **mitigation actions for operational risk:** prevention or containment of the effects of the potential occurrence of the risk event; and
- **emergency and contingency plans:** extraordinary ex ante maneuvers, to be activated upon the occurrence of certain catastrophic or emergency events.

## TAXATION

*The statements herein regarding Italian and Luxembourg taxations are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.*

*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 or Coupons 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.*

*Prospective purchasers of the Notes or Coupons are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes or Coupons. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

### Italian Taxation

In this Italian Taxation section any reference to (i) the Notes includes also the Coupons and (ii) the Noteholders includes also the Couponholders, where the context so requires.

#### *Tax treatment of the Notes*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended and supplemented (**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 by, *inter alios*, joint stock companies with shares negotiated on EU regulated markets or multilateral trading facilities.

For this purpose, pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 (**Decree No. 917**) bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation to pay, at redemption or maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or control of) the management of the issuer.

The tax regime set forth by Decree No. 239 also applies to Interest from regulatory capital financial instruments (other than shares and assimilated instruments) complying with EU and Italian regulatory principles, issued by, *inter alios*, Italian insurance companies, as set out by Article 2, paragraph 22, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013, and by Article 9 of Law Decree No. 34 of 30 April 2019 converted into Law No. 58 of 28 June 2019.

#### *Italian resident Noteholders*

Where an Italian resident Noteholder is the beneficial owner of Interest payments under the Notes and is:

- (iv) an individual not engaged in entrepreneurial activity to which the Notes are connected;
- (v) 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;
- (vi) a private or public institutions (other than companies), a trust not carrying out mainly or exclusively commercial activities; or
- (vii) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a substitutive 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), unless the relevant investor has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has 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 (**Decree No. 461**)).

Where the resident holders of the Notes described above under (i) and (iii) above 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.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, management companies (*società di gestione del risparmio*), 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 (a) be (i) resident in Italy, (ii) a permanent establishment in Italy of a non-Italian resident Intermediary or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239, and (b) 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 Intermediary meeting the requirements under (a) and (b) above, 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.

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in 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 and the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth under Italian law.

Where (a) an Italian resident Noteholder is (i) a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and (ii) the beneficial owners of payments of Interest on the Notes and (b) the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva* but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the status of Noteholder, also to regional tax on productive activities – **IRAP**).

Italian resident real estate investment funds and Italian resident real estate investment companies with fixed capital (*società di investimento a capitale fisso*, **Real Estate SICAFs**, and, together with the Italian real estate investment funds, the **Real Estate Funds**) qualifying as such from a legal and regulatory perspective and subject to the regime provided for by, *inter alia*, Law Decree No. 351 of 25 September 2001 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of such Real Estate Funds, provided that the Real Estate Fund is the beneficial owner of the payments under the Notes and the Notes, together with the relevant coupons, are timely deposited with an authorised Intermediary. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by a Real Estate Fund or upon redemption or sale of the units or shares in the Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in a Real Estate Fund owning more than 5 per cent. of the Real Estate Fund's units or shares.

Where an Italian resident Noteholder is an open-ended or a closed-ended investment fund, an investment company with variable capital (*società di investimento a capitale variabile* (SICAV)), an investment company with fixed capital (SICAF) other than a Real Estate SICAF (together, the **Funds**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorised intermediary, payments of Interest on such Notes beneficially owned by the Fund will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent. may in certain circumstances apply to distributions made in favour of unitholders or shareholders or in case of redemption or sale of the units or shares in the Fund (the **Collective Investment Fund Withholding Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, payments of Interest relating to the Notes beneficially owned by the pension fund 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, subject 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 conditions (including a minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

#### *Non-Italian resident Noteholders*

According to Decree No. 239, payments of Interest in respect of the Notes will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to either (a) to beneficial owners or (b) certain institutional investors, even if not possessing the status of taxpayers in their own country of incorporation, who, in either case, are non Italian resident holders of the Notes with no permanent establishment in Italy to which the Notes are effectively connected provided that:

- (a) such beneficial owners or institutional investors are resident for tax purposes in a State or territory which allows for an adequate exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended and supplemented (lastly by Ministerial Decree of 23 March 2017) and possibly further amended by future decrees to be issued pursuant to Article 11(4)(c), of Decree No. 239 (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.

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; and (ii) 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 either (a) the beneficial owners of payments of Interest on the Notes or (b) qualify as one of the above institutional investors, even if not possessing the status of taxpayers in their own country of incorporation;
- (b) deposit the Notes in due time together with the coupons relating to such Notes, directly or indirectly, with an resident bank or SIM, or a permanent establishment in Italy of a non Italian resident bank or

SIM, or with a non Italian resident entity 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 statement (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, in one of the countries included in the White List. Such statement (*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 does not need be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non Italian resident investors that are international entities or organisations established in accordance with international agreements ratified in Italy or 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 such 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 tax residence of the relevant holder of the Notes, provided all conditions for its application are met.

### **Capital gains tax**

#### *Italian resident Noteholders*

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the status of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity, including the permanent establishment in Italy of foreign entities to which the Notes are effectively connected, or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) 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 (iii) a private or public institution (other than a company), a trust not carrying out mainly or exclusively commercial activities, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to *imposta sostitutiva*, levied at the rate of 26 per cent..

Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains realised upon sale or redemption of the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in 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 and the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth under Italian law.

In respect of the application of *imposta sostitutiva*, taxpayers under (i) to (iii) above may opt for one of the three regimes described below.

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Noteholders under (i) to (iii) above, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the investor holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital

losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

- (b) As an alternative to the tax declaration regime, Noteholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.
- (c) Any capital gains realised by Italian Noteholders under (i) to (iii) above entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the Asset Management Regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the Asset Management Regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder that is a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund. However, a withholding tax may apply in certain circumstances at the rate of up to 26 per cent. on distributions made by a Real Estate Fund or upon redemption or sale of the units or shares in the Real Estate Fund and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in a Real Estate Fund owning more than 5 per cent. of the Real Estate Fund's units or shares.

Any capital gains realised by an Italian Noteholder that is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. Such result will not be taxed at the level of the Fund, but income realised by unitholders or shareholders in case of distributions, redemption or sale of the units or shares, may be subject to the Collective Investment Fund Withholding Tax.

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to Pension Fund Tax. Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

#### *Non-Italian resident Noteholders*

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes traded on regulated markets are not subject to *imposta sostitutiva* (subject, in certain cases, to the filing of the required documentation).



Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of the Notes not traded on regulated markets are not subject to *imposta sostitutiva* provided that the beneficial owner (i) is resident for income tax purposes in a country included in the White List; or (ii) is an international entity or body set up in accordance with international agreements ratified in Italy; or (iii) is a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is incorporated in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of incorporation, in any case, to the extent 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, if applicable. If none of the conditions described above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes not traded on regulated markets are subject to *imposta sostitutiva* at the current rate of 26 per cent..

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 tax treaty with Italy providing that capital gains realised upon the sale or redemption of the 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 the sale or redemption of the Notes provided all the conditions for its application are met.

### ***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 "case of use" (*caso d'uso*) or upon occurrence of an "explicit reference" (*enunciazione*) or voluntary registration.

### ***Inheritance and gift taxes***

The transfers of any valuable asset (including the Notes) as a result of death or donation (or other transfers for no consideration) are taxed as follows:

- (i) transfers in favour of the spouse and of direct descendants or ascendants are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000 (per beneficiary);
- (ii) transfers in favour of the brothers or sisters are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the value of the inheritance or the gift exceeding €100,000 (per beneficiary);
- (iii) transfers in favour of all other relatives up to the fourth degree or relatives-in-law up to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift; and
- (iv) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of € 1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

The transfer of financial instruments (including the Notes) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

## ***Stamp duties***

Pursuant to Article 13(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 an Italian based 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 is collected by resident banks and other financial intermediaries applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 for taxpayers other than 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 held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which it is not mandatory. In case of reporting periods of less than 12 months, the stamp duty is payable on a pro-rata basis.

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 29 July 2009, as subsequently amended, supplemented and restated) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

## ***Tax monitoring***

Pursuant to Law Decree No. 167 of 28 June 1990, converted with amendments by Law No. 227 of 4 August 1990, as amended, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return the amount of investments directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the beneficial owner of the instrument.

No disclosure requirements exist, *inter alia*, for investments and financial activities (including the Notes) under management or administration entrusted to Italian resident intermediaries and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subject to Italian withholding or substitute tax by intermediaries themselves.

## ***Wealth tax on financial products held abroad***

In accordance with Article 19 of Decree No. 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011, as amended, individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes holding financial products – including the Notes – outside of the Italian territory are required to declare in its own annual tax return and pay a wealth tax at the rate of 0.2 per cent. (*IVAFE*). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial products held outside of the Italian territory. Taxpayers can generally deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

## ***Taxation in Luxembourg***

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The

information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

### ***Luxembourg Tax Residency of the holders of the Notes***

A Luxembourg non-resident holder of the Notes will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of their entitlements thereunder.

### ***Withholding Tax***

#### **(i) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

#### **(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

### **The proposed European 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 proposed FTT has very broad scope and could, if introduced in the form proposed on 14 February 2013, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the 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.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear.

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

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be classified as foreign financial institution.

A number of jurisdictions (including Italy and Luxembourg) 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 Notes, are uncertain and may be subject to change. On 13 December 2018, the Treasury and the Internal Revenue Service (**IRS**) issued Proposed Regulations (REG-132881-17) under FATCA, eliminating withholding on the payments of gross proceeds and deferring withholding on foreign passthru payments.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes 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 (including by reason of a substitution of the issuer). However, if additional Notes 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 advisers regarding how these rules may apply to their investment in Notes.

## SUBSCRIPTION AND SALE

BNP Paribas, Intesa Sanpaolo S.p.A., J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG (the **Joint Lead Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 23 October 2020, 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, less certain commissions, in accordance with the terms and conditions contained therein. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead 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 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 except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the 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.

The Joint Lead Managers have represented and agreed that, except as permitted by the Subscription Agreement, 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 within the United States or to, or for the account or benefit of, U.S. persons. The Joint Lead Managers have further agreed that it will send to each dealer to which it sells any Notes during the distribution compliance period 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 Securities Act.

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

### Prohibition of Sales to EEA and UK Retail Investors

The Joint Lead Managers have represented 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 or 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:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (b) 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.

## 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 this Prospectus 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 **PD Regulation**) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the PD 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 this Prospectus 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 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.

## United Kingdom

The Joint Lead Managers have represented and agreed 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.

## Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## Singapore

The Joint Lead Managers have acknowledged that this Prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Joint Lead Managers have represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute,

this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## **General**

The Joint Lead Managers have 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 this Prospectus 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 the Joint Lead Managers shall have any responsibility therefor.

None of the Issuer or the Joint Lead Managers represent 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.

The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the PI Rules other than in circumstances that do not and will not give rise to a contravention of those rules by any person. See the section headed "*Restrictions on Marketing, Sales and Resales to Retail Investors*" on pages 7 to 8 of this Prospectus for further information.

## GENERAL INFORMATION

### Listing and admission to trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). The admission to trading of the Notes is expected on 27 October 2020. The total expenses related to the admission to trading of the Notes are estimated at €12,600 in listing and listing agent's fees.

The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer.

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.

### Authorisation

The issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 1 October 2020.

### Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under ISIN XS2249600771 and common code 224960077. 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

Save as disclosed in the section headed "*Description of the Issuer*" above and in the section of the Base Prospectus entitled "*Description of the Issuer – Recent Developments*" incorporated by reference into this Prospectus, there has been no significant change in the financial performance or position of the Group since 30 June 2020 and there has been no material adverse change in the prospects of the Group since 31 December 2019.

### Legal and arbitration proceedings

Save as disclosed in the section headed "*Description of the Issuer*" above and in the section of the Base Prospectus entitled "*Description of the Issuer – Litigation*" incorporated by reference into this Prospectus, neither the Issuer nor any of its consolidated subsidiaries 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 12 months preceding the date of this document which may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Group.

### Auditors

The current auditors of the Issuer are PricewaterhouseCoopers S.p.A., who have audited the Issuer's consolidated accounts, without qualification, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union for the financial years ended on 31 December 2019 and 31 December 2018, and reviewed the Issuer's consolidated half-yearly accounts, without qualification, for the six-month period ended on 30 June 2020. The auditors of the Issuer have no material interest in the Issuer.



PricewaterhouseCoopers S.p.A., with registered office in Via Monte Rosa 91, Milan, is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) kept by the Italian Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

### **Availability of documents**

For so long as the Notes are outstanding and for the term of this Prospectus, copies of the following documents will be available free of charge from the registered office of the Issuer and from the specified office of the Paying Agent in each case at the address given at the end of this Prospectus:

- (a) copies of the memorandum and articles of association of the Issuer;
- (b) the Agency Agreement (which includes, *inter alia*, the forms of Notes in definitive form, Coupons and Talons);
- (c) this Prospectus and any other documents incorporated herein by reference;
- (d) the audited consolidated financial statements of UnipolSai as at and for the financial years ended 31 December 2019 and 2018 (each together with the auditors' reports); and
- (e) the most recent annual or interim consolidated financial information of UnipolSai published from time to time (whether audited or unaudited), commencing with its interim financial statements as at and for the six months ended 30 June 2020, in each case, together with the accompanying notes and auditors' report (if available).

In addition, copies of this Prospectus and each document incorporated by reference (including the financial statements referred to in paragraph (d) above) are available on the Luxembourg Stock Exchange's website (<https://www.bourse.lu>) and, for at least ten years after the publication of this Prospectus, at the following website:

[www.unipolsai.it/en](http://www.unipolsai.it/en)

### **Yield**

There is no explicit yield to maturity. The Notes do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Notes at the full stated rate. The interest rate is also subject to periodic resetting.

For information purposes only, the yield of the Notes calculated on the basis of the Issue Price and the Initial Rate of Interest from, and including the Issue Date up to but excluding, the First Reset Date and assuming no Write-Down during such period, would be 6.375 per cent. per annum (on an annual basis). It is not an indication of the actual yield for such period or of any future yield.

### **Rating of the Notes**

The Notes are expected, on issue, to be rated B1 by Moody's and B+ by Fitch.

Moody's defines "B1" as follows: Obligations rated "B" are considered speculative and are subject to high credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of

principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security (Moody's Rating Symbols and Definitions, 30 September 2020).

Fitch defines "B+" as follows: "B" ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. Within rating categories, Fitch may use modifiers. The modifier "+" or "-" may be appended to a rating to denote relative status within major categories (Fitch Ratings, Rating Definitions).

The brief explanations on the ratings expected to be assigned by Moody's and Fitch have been extracted from **www.moody's.com** and **www.fitch.com**. The Issuer does not take responsibility for these explanations. The information has been accurately reproduced and, as far as the issuer is aware and is able to ascertain from information published by Moody's and Fitch (as applicable), no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

Save for any fees payable to the Joint Lead 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. The Joint Lead Managers and/or their affiliates (including its 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 Joint Lead 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 Joint Lead 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 Joint Lead 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 Joint Lead 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.

### **Foreign languages used in this Prospectus**

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

**REGISTERED OFFICE OF THE ISSUER**

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France

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**J.P. Morgan Securities plc**

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**Mediobanca – Banca di Credito Finanziario S.p.A.**

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**AUDITORS OF THE ISSUER**

**PricewaterhouseCoopers S.p.A.**

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**FISCAL AGENT and PAYING AGENT**

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*To the Joint Lead Managers as to English and Italian law*

**Allen & Overy Studio Legale Associato**

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*To the Issuer as to Italian law*

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