



# ISTITUTO PER IL CREDITO SPORTIVO

**Istituto per il Credito Sportivo**  
(incorporated as a public bank (banca pubblica) in the Republic of Italy)

## €300,000,000 5.25% Senior Preferred Social Notes due 31 October 2025

The €300,000,000 5.25% Senior Preferred Social Notes due 31 October 2025 (the “Notes”) will be issued by Istituto per il Credito Sportivo (the “Issuer” or “ICS”). Defined terms used hereunder shall have the meanings given to such terms below or in the terms and conditions of the Notes (the “Conditions” and each of them, a “Condition”).

The Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer, as described in Condition 3 (*Status*) and will be governed by, and construed in accordance with, Italian law, as described in Condition 15 (*Governing Law and Submission to Jurisdiction*).

The Notes will bear interest at the rate of 5.25 per cent. per annum, which will be payable annually in arrear on 31 October in each year, commencing on 31 October 2023, as described in Condition 4 (*Interest*).

Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will become repayable at their principal amount on the Maturity Date. The Issuer may also, at its option (but subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)) in the Conditions, redeem the Notes for taxation reasons, in whole, but not in part, at any time at their principal amount together with interest accrued to but excluding the relevant early redemption date (as described in Condition 6.2 (*Redemption for Taxation Reasons*)) in the Conditions). The Issuer may also (but subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)) in the Conditions, at any time redeem all (but not some only) of the Notes at their principal amount together with interest accrued to but excluding the relevant early redemption date if the Issuer determines that an MREL Disqualification Event (as defined in the Conditions) has occurred and is continuing. Furthermore, the Issuer may redeem (but subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)) in the Conditions all, but not some only, of the outstanding Notes at their principal amount, together with interest accrued to the date fixed for redemption, in the event that at least 80 per cent. of the aggregate principal amount of the Notes has been purchased and cancelled by the Issuer (as described in Condition 6.4 (*Clean-Up Call Option*)) in the Conditions).

This offering circular (the “Offering Circular”) does not comprise a prospectus for the purposes of article 6 of Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (the “Euronext Dublin”) for the Notes to be admitted to the Official List and trading on the Global Exchange Market (“GEM”) of Euronext Dublin. The Global Exchange Market is not a regulated market for the purpose of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, “MiFID II”). This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin as listing particulars.

The Notes are expected, on issue, to be rated “BBB-” by S&P Global Ratings (“S&P”) and “BBB” by DBRS Morningstar (“DBRS”). Each of S&P and DBRS is established in the EEA and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (“ESMA”) at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk> as being registered under Regulation (EU) No. 1060/2009, as amended (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 organization.

Payments of interest or other amounts relating to the Notes may in certain circumstances be subject to a substitute tax (referred to as *imposta sostitutiva*) of 26 per cent. pursuant to Legislative Decree No. 239 of 1 April 1996. In order to obtain exemption at source from *imposta sostitutiva* in respect of payments of interest or other amounts relating to the Notes, each Noteholder not resident in the Republic of Italy is required to comply with the deposit requirements described in “Taxation – Italian Taxation” and to certify, prior to or concurrently with the delivery of the Notes, that such Noteholder is, *inter alia*, (i) resident in a country which allows for a satisfactory exchange of information with the Republic of Italy (such countries are listed in the Ministerial Decree of 4 September 1996, as amended and supplemented from time to time and possibly further amended by future decrees issued pursuant to article 11(4)(c) of Legislative Decree No. 239 of 1 April 1996) and (ii) the beneficial owner of payments of interest, premium or other amounts relating to the Notes, all as more fully set out in “Taxation – Italian Taxation”.

**An investment in the Notes involves certain risks.** The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “Risk Factors” below.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) except in certain transactions exempt from the registration requirements of the Securities Act.

**EU MIFID II product governance / UK MiFIR product governance / target market** – The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in EU MiFID II, and in the United Kingdom. Prospective investors are referred to the section headed “Important Notices” hereunder and the section headed “Subscription and Sale” for further information.

### JOINT LEAD MANAGERS

Crédit Agricole CIB

IMI - Intesa Sanpaolo

J.P. Morgan

The date of this Offering Circular is 27 October 2022.

## IMPORTANT NOTICES

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Offering Circular and declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A. and J.P. Morgan SE (the “Joint Lead Managers”) that this Offering Circular contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information contained herein (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and verify the foregoing.

This Offering Circular should be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

None of the Joint Lead Managers nor any of their affiliates have authorised this Offering Circular or any part thereof. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Joint Lead Managers as to the accuracy, or completeness of the information contained or incorporated in this Offering Circular, and nothing contained herein is, or shall be relied upon as, a promise or representation by the Joint Lead Managers in this respect, whether as to the past or future. The Joint Lead Managers do not assume any responsibility or liability for its accuracy or completeness and accordingly the Joint Lead Managers disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

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 Offering Circular or any other document entered into in relation to the Notes or any information supplied by the Issuer or such other information as is in the public domain 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 the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances create any implication that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the conditions (financial or otherwise) of the Issuer since the date of this Offering Circular. The Issuer is under no obligation to update the information contained in this Offering Circular after the initial admission to trading of the Notes on the Global Exchange Market of Euronext Dublin. Furthermore, save as required by applicable laws or regulations, or under the terms and conditions relating to the Notes, the Issuer does not intend to provide any post-issuance information to investors. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer or the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

Neither this Offering Circular nor any other information supplied in connection with the sale, offering or delivery of 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 Offering Circular or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the condition (financial or otherwise) and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or to purchase any Notes. The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Joint Lead Managers represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they 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 the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, the Republic of Italy and Japan. See “*Subscription and Sale*”.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act except in certain transactions exempt from the registration requirements of the Securities Act. See “*Subscription and Sale*”.

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

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of

the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU 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 EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

## FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "will", "project", "anticipate", "seek", "estimate", "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Offering Circular.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Offering Circular. Many factors may cause the Issuer's results of operations, financial condition and liquidity, and the development of the industries in which they compete, to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Circular.

The risks described under "*Risk Factors*" in this Offering Circular are not exhaustive. Other sections of this Offering Circular and the documents incorporated by reference herein describe additional factors that could adversely affect the Issuer's results of operations, financial condition and liquidity, and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward looking statements as a prediction of actual results.

## DEFINITIONS, INTERPRETATION AND ROUNDING

In this Offering Circular, unless otherwise specified:

- (i) "ICS" or the "Issuer" means Istituto per il Credito Sportivo;
- (ii) references to "billions" are to thousands of millions;
- (iii) references to the "Conditions" are to the terms and conditions relating to the Notes set out in this Offering Circular in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "Condition" is to the correspondingly numbered provision of the Conditions;
- (iv) references to "€", "EUR" or "Euro" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (v) the "Fiscal Agent" means Citibank Europe Plc as fiscal agent;
- (vi) references to "IFRS" are to International Financial Reporting Standards, as adopted by the European Union;
- (vii) the "Joint Lead Managers" means Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A. and J.P. Morgan SE as joint lead managers;
- (viii) references to a "Member State" are to a Member State of the European Economic Area; and
- (ix) "EEA" means the European Economic Area.

**The language of this Offering Circular 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.**

**References to websites or uniform resource locators (“URLs”) are inactive textual references and are included for information purposes only. The contents of any such website or URL (except for the documents (or portions thereof) incorporated by reference into this Offering Circular to the extent set out on any such website) shall not form part of, and shall not be deemed to be incorporated into, this Offering Circular.**

#### **STABILISATION**

**In connection with the issue of the Notes, Crédit Agricole Corporate and Investment Bank acting as the stabilising manager (the “Stabilisation Manager”) (or persons acting on its behalf) may over allot Notes or effect transactions with a view to supporting the market 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 of the Notes and 60 days after the date of the allotment of the Notes. Such stabilising shall be conducted in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilising shall, as against the Issuer, be for the account of the Stabilisation Manager (or persons acting on its behalf).**

## CONTENTS

	<b>Page</b>
RISK FACTORS.....	1
OVERVIEW OF THE NOTES.....	18
DOCUMENTS INCORPORATED BY REFERENCE.....	23
TERMS AND CONDITIONS OF THE NOTES.....	25
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM.....	37
USE OF PROCEEDS.....	39
DESCRIPTION OF THE ISSUER.....	40
TAXATION.....	55
SUBSCRIPTION AND SALE.....	64
GENERAL INFORMATION.....	68

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur. 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 the 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 and incorporated by reference into this Offering Circular and consider carefully whether an investment in the Notes is suitable for them in the light of the information in this Offering Circular and their personal circumstances, based upon their own judgment and upon advice from such financial, legal, tax and other professional advisers as they deem necessary.*

*Words and expressions defined in “Terms and Conditions” or elsewhere in this Offering Circular have the same meaning in this section. Prospective investors should read the whole of this Offering Circular, including the information incorporated by reference.*

### RISK FACTORS RELATED TO THE ISSUER

#### ***Risks relating to the domestic and global macroeconomic situation***

ICS' business is concentrated in Italy, where it offers a range of banking services to its customers, largely made up of funding projects and ideas, allowing the development and spreading of sport while respecting the principles of sustainability. All financial products and services provided by ICS are exclusively dedicated to support sport facilities, activities, and events as well as cultural infrastructures, heritage and initiatives. Consequently, ICS' business, financial condition and results of operations are significantly affected by the general economic situation in Italy which, in turn, is closely linked to the state of the wider economy, both at EU level and worldwide. The current macroeconomic situation is characterised by high levels of uncertainty, due in part to the following:

- the outbreak and the evolution of the coronavirus pandemic (“**Covid-19**”) and its impact on global growth and individual countries' economies, Italy included. For further information please refer to paragraph “*Risks relating to the outbreak and persistence of Covid-19*” below;
- the full-scale invasion of Ukraine launched by Russia which may have serious consequences for Italy's (and Europe's) energy supply capacity. For further information please refer to paragraph “*Risks relating to the outbreak and persistence of the Russo-Ukrainian conflict*” below;
- weak economic growth in Italy in recent years, alternating with periods of outright recession, as well as endemic political instability;
- in Italy the inflation is expected to strengthen in the next future leading to a further loss of consumptions in the country. In this regard, it should be noted that purchasing power in Italy has followed a continuous downward trend since the 1960s;
- uncertainty over the stability of the banking system in Italy;
- concerns over the long-term sustainability of the European single currency and uncertainty over the continuation of financial support from the European Central Bank (“**ECB**”);
- future developments in the ECB and Federal Reserve monetary policies;
- the sustainability of the sovereign debt of certain countries, including Italy, and the related, repeated shocks to the financial markets;
- a possible global trend towards protectionism;



- despite recent progress in the trade relationship between the U.S. and China, the remaining aspects of the economic conflict that escalated between those countries in 2018-19 and its effect on international trade and global production;
- confirmation of growth trends, or recovery and consolidation perspectives, for the U.S. and Chinese economies, which have shown consistent progress in recent years but have recently lost momentum;
- the consequences and potential lingering uncertainties caused by the ongoing negotiations between the European Union and the United Kingdom and doubts over the UK's future relationship with the EU; and
- the potential negative impacts on the economy arising from climate change and global warming at both a global and regional level.

In any economic downturn, the Issuer may face the following risks, which may affect the Issuer's ability to service the interest and principal on the Notes:

- an adverse impact on the creditworthiness of its customers with an increased number of bad loans;
- a decrease in the net interest rate margin;
- greater competitive pressure through, for instance, increased price pressure and lower business volumes for which the Issuer competes with a decrease in the net commission margin;
- an adverse effect on the portfolio of investment securities held by the Issuer and, therefore, on the Issuer's liquidity and the overall value of its assets.

Any of the above matters could reduce the Issuer's income and/or liquidity and weaken its financial solidity, all of which could have an adverse effect on the Issuer's business, financial condition and results of operations, and on its ability to fulfil its payment obligations under the Notes.

#### ***Risks relating to the outbreak and persistence of Covid-19***

The outbreak of Covid-19 in China in late 2019 has spread worldwide, including Italy, which was the first country in Europe to be hit by the disease, and has been categorised by the World Health Organization as a pandemic. The Covid-19 pandemic and governmental responses to the pandemic have had a severe impact on global economic conditions and may continue to do so for an unforeseeable period, including: (i) significant disruption and volatility in the financial markets; (ii) the risk of deterioration of the credit profile of a considerable number of countries (including Italy); and (iii) temporary closures of many businesses, including sport and culture related companies, leading to loss of revenues and insolvency.

A number of containment measures across Italy have been gradually eased or lifted, partly as a result of the implementation of the vaccination programme by the Italian government. However, the Covid-19 pandemic continues to affect economic activities at global and regional levels, in part due to the spread of new Covid-19 variants, such as the Delta or Omicron variant. Those remaining measures have been recently eased but they still continue to affect domestic and global economic activity, including the pace and magnitude of recovery. The duration of those restrictions is highly uncertain but could be prolonged. In addition, stricter measures may be reintroduced, as happened in various countries, both in Europe and the rest of the world. Furthermore, it is unclear how the population would welcome any additional vaccination campaigns that might be necessary to limit the new variants that might emerge. This could imply further elements of social tension and consequent economic insecurity.

The spread of Covid-19 has led ICS to modify its operating practices and it may take further action required by authorities or that it determines are in the best interests of its employees, customers and other stakeholders. This has included increased investments aimed at assisting the sport and cultural business community, including corporates, not-for-profit entities, municipalities and sport federations, and allowing for the provision of various core and other services, designed to meet the requirements of ICS' various stakeholders, especially its employees and customers. However, there is no certainty that such measures will be sufficient to mitigate the risks posed by Covid-19 and their implementation (or their insufficiency) could harm the Issuer's ability to perform some of its critical functions and serve its customers. In addition to the impact that the Covid-19 pandemic has on the Issuer's business, it may also continue to increase

financial stress on its clients. This could lead to increased pressure on the Issuer's retail clients as well as on the financial performance of its commercial and corporate clients in conjunction with operational constraints due to the impact of social distancing, including but not limited to continued closures or reduced operating hours, lost sales opportunities and/or increased operating costs, which could result in credit losses for the Issuer higher than expected. This could in turn have an adverse impact on the Issuer (for example, through deteriorations in credit quality and higher impairments). Not to be disregarded are also the possible effects of the pandemic years on the population's sporting habits. In fact, we could experience a shift in activity (from indoors to outdoors) that could erode the financial capacity of some of the Issuer's largest customers (large indoor fitness centres, swimming pools, spas).

If the spread of Covid-19 persists, this could have a material negative impact on the global economy. The full economic impact of Covid-19 is outside of the Issuer's control and will depend on a variety of factors, such as (i) the duration and spread of Covid-19, its severity, the spread of new Covid-19 variants, the likelihood of additional epidemic threats to emerge in the coming years with an increased frequency rate, (ii) the success and timing of the vaccination programmes and actions taken to contain the virus or treat its impact, (iii) the extent and effectiveness of economic stimulus measures taken to contain the virus or treat its impact, and (iv) how quickly and to what extent normal economic and business activity can resume. The ability of the Issuer's customers to service debt and comply with contractual obligations, including those owed to the Issuer, may also be adversely affected. The degree to which Covid-19 affects the Issuer's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Offering Circular, are highly uncertain and cannot be predicted.

#### ***Risks relating to the outbreak and persistence of the Russo-Ukrainian conflict***

On 24 February 2022, Russia has launched a full-scale invasion of Ukraine, marking a steep escalation in the Russo-Ukrainian conflict (the "Conflict"). The Conflict is having a severe impact on global economy and the resulting negative outcomes may continue for an unforeseeable period.

The economic consequences derived from the Conflict includes, *inter alia*, (i) a significant disruption in the energy markets with a steep increase in the price of gas, oil and other related products that translated in an increase of the energy prices for corporates and families in those countries which rely the most in Russian fossil resources, including Italy (it is estimated that about the 40% of the fossil gas consumption in Italy is of Russian origin); (ii) the risk of deterioration of the credit profile of a considerable number of countries (including Italy), that are extremely dependent on imports from Russian; and (iii) severe financial difficulties for many businesses.

Financial downward trends may also affect many ICS's customers whose cash flows are extremely dependent on the energy price, leading to the possibility of insolvencies and income issues for the Issuer.

If the Conflict is not resolved in the short term, this will have a negative impact on the global economy, which is outside of the control of the Issuer, which in turn would have an impact on the Issuer's financial profile resulting in, *inter alia*, credit quality deterioration and higher impairments.

#### ***Risk relating to the Italian banking system***

In Italy some concerns remain over the stability of the banking system; in particular following the collapse of several Italian banks in recent years, such as: (i) the default of four banks in Central Italy at the end of 2015, (ii) the nationalisation of Monte dei Paschi di Siena in December 2016, and (iii) further government interventions aimed at ensuring an orderly liquidation of Banca Popolare di Vicenza and Veneto Banca in June 2017. More recently, in January 2019, the Italian government was forced to intervene to prevent the collapse of Carige S.p.A. Cassa di Risparmio di Genova e Imperia and, in December 2019, it placed Banca Popolare di Bari in extraordinary administration.

Uncertainty has focused on a number of areas but, in particular, on the ability of a number of Italian banks to manage non-performing loans ("NPLs") and to satisfy regulatory capital requirements. If the difficulties of certain Italian banks persist, this may result in an overall lack of confidence in the Italian banking sector, which in turn could affect the Issuer's ability to obtain funding and have an adverse impact on its financial condition, liquidity and results of operations (resulting, for example, in a credit crunch in the Italian banking system).

### ***Credit and counterparty risk***

The Issuer's business depends to a substantial degree on the creditworthiness of its customers. Notwithstanding the controls it carries out, including customer credit checks, it faces normal lending risks and thus may not, for reasons beyond its control (such as fraudulent behaviour by customers), have access to all the relevant information on any particular customer, their financial position or their ability to pay amounts owed or repay amounts borrowed. Any failure by customers to report their financial and credit position accurately or to comply with the terms of their agreements or other contractual provisions could have an adverse effect on the Issuer's business and financial results. In addition, any failure by the Issuer to correctly assess the creditworthiness of the customers or any failure in its customers' vetting system, could have an adverse effect on the Issuer's business and financial results.

Moreover, counterparties may fail to satisfy their obligations to the Issuer due to bankruptcy, shortage of liquidity, operating malfunctions or for other reasons. The Issuer may also be subject to the risk in certain circumstances that some of its claims with third parties may not be paid when due. In addition, a lowering in the credit rating of third parties (including the Republic of Italy) of which the Issuer holds securities and bonds could lead to losses and/or have a negative impact on the Issuer's ability to further restrict the securities or bonds in question or use them in a different way for liquidity's purposes. A significant reduction in the credit rating of the Issuer's counterparties could therefore have a negative impact on the profits of the Issuer. It should also be noted that the levels of default, reductions in credit rating and disputes regarding the valuations of counterparty guarantees increase significantly in periods of market tension and illiquidity.

On 31 December 2021, net value adjustments on credits took place to the value of €143.9 million (as against €135.6 million on 31 December 2020).

### ***Risk related to credit quality***

The economic performance and stability of the Issuer may be affected by economic and financial conditions, both locally and worldwide. During a recession, there may be less demand for loan products and a greater number of customers may default on their loans or contractual obligations. In fact, at the macroeconomic level, credit quality can be directly affected by the weakness of the economy causing, within the banking system generally, a significant increase of borrowers struggling to repay loans.

Changes in the interest rates applied to banking products can also influence the amount of new loan production of the Issuer. Less favourable rates, for example, may delay investment decisions or change the spending intentions of potential new customers. This is even truer in view of the spending habits of Italians and their great propensity to save rather than to invest.

The balance sheets of Italian credit institutions are generally characterised by higher levels of NPLs than the European average. Legislative interventions in the years preceding the pandemic contributed to lowering the incidence of NPLs on the overall loan portfolio; among these, the "GACS" scheme of public guarantees against the sale, by the banks, of non-performing loans proved to be particularly effective. The latest "Financial Stability Report" issued by Banca d'Italia (April 2022) shows figures clearly improving from pre-pandemic observations; in fact, the figures for 31 December 2021 shows a non-performing ratio of 3.4% for the national banking system considered as a whole. The value also represents a marked improvement compared to the same aggregate considered in June 2021 where it amounted to 4% of total loans. However, these figures should be read in the light of the measures adopted by the Italian government over the past two years to contain the effects of the Covid19 crisis. Legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis have, as a matter of fact, frozen the flow of non-performing loans. The end of the mentioned measures, expected in the second half of 2022, will lead to a conspicuous increase in the indicated metrics towards pre-pandemic levels. In this regard, it is worth mentioning that the share of gross NPLs out of total credit amounted to 8.2% for the Italian banking system in December 2019. Therefore, although the Issuer's Gross NPE ratio stood at 9.7% in December 2021, it is to be expected that this value will increase in the course of 2022.

The Issuer typically presents overperforming levels of provisions in comparisons with the Italian banking system (considering, therefore, also the most significant banks). Nonetheless, based on macroeconomic expectations, it may have to increase these provisions further should there be a worsening in the repayment capacity of counterparties in the next future. The described trend can affect the amount of provisions of both the performing and non-performing portfolios, as well as the expectation on losses, having an adverse impact on the Issuer's business, financial condition and/or results of operations.

At the end of 2021 the Issuer's asset quality indicators were equal to 10% in terms of Texas Ratio and 57.2% in terms of non-performing coverage (while, as previously mentioned, the Gross NPE ratio stood at 9.7%). The Texas ratio is calculated by taking the Issuer's non-performing assets (net of provisions) and dividing it by the sum of the bank's tangible common equity. It indicates the institution's ability to absorb through its capital the portion of impaired loans not covered by specific adjustments. ICS, although very high performing in this area, could suffer a deterioration in these metrics where a sudden worsening of the economic framework would lead to the default of a significant portion of the credit portfolio.

### ***Risks arising from the sovereign debt crisis***

The Issuer is affected by disruptions and volatility in the global financial markets including, in recent years, the sovereign debt crisis in the Eurozone. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Eurozone, including Italy.

The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Eurozone financial institutions and their exposure to such countries. These concerns may have an impact on Eurozone banks' funding.

In particular, the Issuer's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and make it more likely that the credit rating of Notes issued are downgraded.

The total exposure of the Issuer to the Republic of Italy was approximately €742 million as of 31 December 2021 adding up HTC&S and HTC portfolios (compared with €802,5 million as of 31 December 2020). The Issuer is therefore exposed to changes in the price of Italian public debt securities and, accordingly, any tensions in or volatility affecting the Italian sovereign bond market could have a material adverse effect on the Issuer's business, results of operation, financial and liquidity condition.

### ***Changes in interest rates***

Changes in interest rate levels may affect the interest rate margin realised between lending and borrowing costs. The Issuer earns interest from loans and other assets and pays interest to its lenders and other creditors. The Issuer's results of operations are therefore dependent to a great extent on its net interest income, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities. This varies according to prevailing interest rates and is a significant factor in determining the profitability of the Issuer.

Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by the Issuer and its net interest income, either or both of which could have a material adverse effect on the business, results of operations and financial condition of the Issuer and its ability to fulfil its payment obligations under the Notes. Increases in interest rates, on the other hand, may have an impact on the demand for mortgages and other loan products, and create difficulties for the Issuer's borrowers to refinance or repay loans and potentially increase the Issuer's non-performing loan levels. Furthermore, being the asset duration considerably longer than the liability, increases in interest rates may result in adverse repricing of the Issuer's funding, regarding either floating or fixed rate instruments that have come to maturity and that need to be renewed. This scenario may increase the cost of the Issuer's interest-bearing liabilities without raising the interest rate of its assets, thereby affecting the net interest income.

Interest rates are highly sensitive to many factors beyond the control of the Issuer, including fiscal and monetary policies of governments and central banks in the jurisdictions in which the Issuer operates. In particular, the effect of the EU's Economic and Monetary Union and the policies of the government of the Republic of Italy are significant for the Issuer and are subject to change.

### ***Operational risk***

As a financial institution, the Issuer is exposed to many types of operational risks, such as the risk of suffering losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems or those caused by external and unforeseen events, entirely or partially out of the control of the Issuer (including, losses resulting from fraud, human error, violations, interruptions in operations, unavailability of systems, breach of contract and natural disasters).

The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. In particular, the Issuer's processes for monitoring operational risks include internal processes aimed at guaranteeing the prompt identification of operational risk events and, where necessary, implementing suitable measures for their mitigation.

As of 31 December 2021, capital requirements in respect of operational risks, calculated by means of the base method laid down in the Bank of Italy's instructions, were approximately €8.4 million (as compared with approximately €7.6 million as 31 December 2020).

Noteholders should be aware that the Issuer's risk management techniques and strategies may not be effective in mitigating its risk exposure in all market environments or against all types of risks (especially those due to potential extraneous factors such as fraud), including those which the Issuer fails to identify or anticipate. Any failure to contain or mitigate exposure to operational risks could have any adverse effect on the Issuer's business activities, financial performance and results of operations.

### ***Risks relating to information technology systems and cyber-security***

The Issuer depends on its information technology ("IT") and data processing systems to operate its business, as well as on their continuous maintenance and constant updating. The Issuer is exposed to the risk that data could be damaged or lost, removed, disclosed or processed (data breach) for purposes other than those authorised by the customer, including by unauthorised parties. The possible destruction, damage or loss of customer, employee or third-party data, as well as its removal, unauthorised processing or disclosure, could disrupt the Issuer's business, harm its reputation and lead to fines being imposed on it, all of which could have an adverse effect on the Issuer's financial condition and results of operations. In addition, changes to relevant regulation could impose more stringent sanctions for violations and have an adverse impact on the Issuer's business insofar as they lead to additional compliance costs.

There are possible risks regarding the reliability of IT systems (disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have an adverse effect on the Issuer's operations, as well as on its capital and financial position. Risks faced by the Issuer relating to the management of IT systems include possible violations of its systems due to penetration of the Issuer's IT system by outsiders intent on extracting or corrupting information, disrupting business processes or committing fraud. Such violations have become more frequent over the years throughout the world and the risks have been heightened by the Covid-19 pandemic, with the increasing number of staff working from home. System failure and unauthorised access are therefore a potential threat to the protection of information relating to the Issuer and its customers, as well as to the integrity of the Issuer's IT systems, the confidence of its customers and the Issuer's overall reputation. The materialisation of any of these threats could have adverse consequences for the Issuer's business, financial condition and results of operations.

The Issuer's operations involve daily processing and storage of large amounts of customer data and require uninterrupted, accurate, permanently available, real-time and safe transmission and storage of customers' and other data in compliance with applicable laws and regulations. The Issuer may be held liable for the loss, release, disclosure or inappropriate modification of customer data stored on its equipment or carried by its networks. IT system failure, interruption of service availability, industrial espionage, cyber-attack or data leakage, in particular relating to customer data, could seriously limit the Issuer's ability to service its clients, result in significant compensation costs for which indemnification or insurance coverage may be only partially available, result in a breach of laws and regulations under which it operates (including the General Data Protection Regulation 2016/679/EU) or lead to fines and could cause long-term damage to its business and reputation.

The Issuer's Information System is fully outsourced to different providers. Although it is becoming a common business practice to use external providers to handle information technology functions, there are few risks to consider in such a set up: the dependency on external providers in terms of availability and complexity as well as the costs to deal with a possible exit strategy when it comes to a change in one of the providers. It is worth to mention few other points: the potential loss of confidentiality in data management area, the challenges to integrate the internal and external expertise in the core business application, as well as the know-how; information hiding is also a risk that comes into place when there is a strategy towards the outsourcing of a key function. The Issuer constantly monitors the quality of its outsourcers and their ability to provide the services efficiently and without any break or interruption. Anyway, external or unforeseen events outside of the Issuer's control may cause inadequacy or dysfunction of procedures,

human resources and internal systems of the outsourcers and severely impact the ability of the Issuer to operate and run its business and negatively impacting its financial results. In extreme scenarios, a prolonged disruption of the external providers may affect the Issuer ability to service the interest and principal on the Notes.

### ***Market risk***

The market risk involved in the Issuer's business activities lies in the risk of possible losses arising from changes in the market due to fluctuating or changing interest rates, foreign exchange rates, share prices and prices in general. This risk encompasses both trading and banking book positions. Positions of risk are the result of a deliberate assumption of such positions (the Issuer does not take business positions for or in respect of customers). To the extent that any of the instruments and strategies used by the Issuer to hedge or manage its exposure to market risk are not effective, the Issuer may not be able to effectively mitigate its risk exposure through the market. The Issuer's trading revenues and interest rate risks are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by fluctuations in market prices or interest rates. The Issuer's financial results also depend upon how effectively it estimates and assesses the cost of credit and manages its own credit risk and market risk concentration.

### ***The Issuer is subject to capital requirements that could limit its operations***

The Issuer is subject to capital adequacy guidelines adopted by the Bank of Italy for banks which provide for a minimum ratio of total capital to risk weighted assets expressed as a percentage equal to 13.65%, defined during the Supervisory Review and Evaluation Process (SREP). As of December 2021, the Total Capital Ratio stood at 79.45%, well within the Bank of Italy's previously reported limit.

The issuer is subject to the new separate minimum requirement for own funds and eligible liabilities (MREL) set by the Italian resolution authority. This requirement is applied alongside the prudential minimum capital requirements. MREL is estimated using the ratio between the sum of Own Funds and Eligible Liabilities and the total risk exposure amount (TREA). As of December 2021, the MREL ratio (TREA) measured 25.97%, well above the minimum requirement set by Bank of Italy of 10.65%.

The Issuer's failure to maintain acceptable capital ratios for 2022 may result in administrative actions or sanctions against it which in turn may impact the Issuer's ability to fulfil its obligations under the Notes.

### ***Risks concerning liquidity***

The Issuer's businesses are subject to risks concerning liquidity which are inherent in its banking operations and could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil commitments to lend. To ensure that the Issuer continues to meet its funding obligations and to maintain or grow its business generally, it relies on deposits, loans, repurchase agreements and on the wholesale lending markets. The ability of the Issuer to access wholesale funding sources is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, interest rate levels, general market conditions and confidence in the Italian banking system.

Moreover, as the Issuer bases a significant portion of its liquidity on repurchase agreements with other banks, as well as with the ECB through refinancing operations, its funding capability relies on the value of its assets, which are used as collateral in those operations. Therefore, decreases in the assets value, that could be due to increases in interest rate or to a reduction of credit quality, may affect the Issuer's liquidity position.

The global financial crisis that has affected many financial institutions since 2008 and resulting in financial instability have significantly reduced the levels and availability of liquidity and term funding.

Although the Issuer constantly monitors both its liquidity and funding risks, any unfavourable developments in market conditions, the general economic environment and/or the Issuer's credit standing, combined with the need to align the Issuer's liquidity and funding position to regulatory requirements, could have an adverse impact on the business, financial condition and/or results of operations of the Issuer.

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

The Issuer is currently rated by DBRS Ratings GmbH ("**DBRS**") and Standard & Poor's Rating Services LLC ("**S&P**"), both registered with ESMA.

As at the date of this Offering Circular, the Issuer's long-term rating is: (i) BBB with a stable outlook by DBRS; and (ii) BBB- with a stable outlook by S&P.

The ratings assigned to the Issuer by the main international rating agencies are an indication of the credit ratings of the Issuer itself, and the outlook represents the parameter which indicates the expected trend in the near future of the ratings assigned to the Issuer. However, such indications may not properly reflect developments in the Issuer's solvency position.

The Issuer's credit ratings may closely reflect the rating of the Republic of Italy and are therefore exposed to the risk of decline in the sovereign credit rating of Italy. Accordingly, on the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a knock-on effect on the credit rating of Italian issuers.

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

#### ***Issuer's status as a government-controlled entity***

The Issuer is a public law body with autonomous management pursuant to and for the purposes of Article 151 of the Legislative Decree No. 385 of 1 September 1993, as amended, (the "**Italian Banking Act**") and is controlled by the MEF, which detains a percentage of 80.438% of the Issuer's Capital (as defined in the section "*Description of the Issuer*").

The Issuer bears certain risks associated with its special relationship with the Italian government, as a result of being an entity controlled by the MEF. Investors should be aware that the Issuer's main corporate purpose is not exclusively that of earning margins from its business but also achieving the country's economic, cultural, social and development goals.

Although the Issuer is required to achieve these goals by applying the criteria of efficiency, cost-effectiveness and sound and prudent management, as a company indirectly controlled by the national government, changes in government policy could have an effect on the Issuer's business, financial position and profitability.

In addition, notwithstanding the close links between the Issuer and the Italian government, the Issuer is a separate legal entity incorporated under Italian law and Noteholders should be aware that the Italian government is under no legal obligation to guarantee or otherwise meet any of the Issuer's financial or other obligations to the Noteholders.

#### ***Risk management and impact of events which are difficult to anticipate***

The Issuer's earnings and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the ECB, and competitive factors, at a regional, national and international level. Each of these factors, together with the impact of the Covid-19 pandemic, could change the level of demand for the Issuer's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer's investment and trading portfolios.

The Issuer has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risks and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including those which the Issuer could fail to identify or anticipate. In addition, the Issuer's reputation, as well as its revenues and profits, may be adversely affected in case existing or potential customers believe that the Issuer's risk management policies and procedures are inadequate.

## **RISK FACTORS RELATED TO THE NOTES**

### ***The Notes are complex instruments that may not be suitable for all investors***

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or in any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost, including following the exercise by the relevant resolution authority of any bail-in power;
- (d) understands thoroughly the terms of the Notes and be familiar with the behaviour of the financial markets;
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) 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.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, 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.

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

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

### ***The Issuer is not prohibited from issuing further debt which may rank pari passu with the Notes***

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

### ***The Notes have limited events of default and remedies***

The Events of Default in respect of the Notes, being events upon which the Noteholders may declare the Notes to be immediately due and repayable, are limited to circumstances in which the Issuer is insolvent or goes into liquidation (including, *inter alia*, *Liquidazione Coatta Amministrativa* as defined in the Italian Banking Act). No event of default for the Notes shall occur other than in the context of an insolvency or liquidation (including, without limitation, *Liquidazione Coatta Amministrativa*) in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an Event of Default for the Notes for any purpose). Accordingly,



other than following the occurrence of an event of default, even if the Issuer fails to meet any of its obligations under the Notes, including the payment of any interest, the Noteholders will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

***The Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the General Bail-in Tool***

The Notes are subject to Bail-In Powers under legislative measures implementing the BRRD in Italy.

The BRRD has been implemented in Italy through the Legislative Decrees No. 180/2015 of 16 November 2015 and 181/2015 which entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a “depositor preference” granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs applies from 1 January 2019. Furthermore, Article 33a of BRRD II introduces a new pre-resolution moratorium tool as a temporary measure in an early stage and new suspension powers, which the resolution authority can use within the resolution period. Any suspension of activities can, as stated above, result in the partial or complete suspension of the performance of agreements (including any payment or delivery obligation) entered into by the respective credit institution. The exercise of any such power or any suggestion of such exercise could materially adversely affect the rights of the holders of securities issued by the Issuer, the price or value of their investment in any such security and/or the ability of the credit institution to satisfy its obligations under any such security.

The stated aim of the BRRD is to provide a harmonised legal framework governing the tools and powers available to national supervisory authorities to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ contributions to bank bail-outs and/or exposure to losses. Among other things, the BRRD introduces a general bail-in tool which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including the Notes) into shares or other instruments of ownership (i.e. other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership).

As a result, the Notes may be subject to a partial or full write-down or conversion to Common Equity Tier 1 instruments of the Issuer or another institution. Accordingly, trading behaviour may also be affected by the threat that the relevant resolution authority may exercise the general bail-in tool and, as a result, the Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the bail-in tool is used or that such Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

***The circumstances under which the relevant resolution authority would use the general bail-in tool are currently uncertain***

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

Also, certain provisions of the BRRD remain subject to regulatory technical standards and implementing technical standards to be prepared by the EBA. In addition to the BRRD, it is possible that the application of other relevant laws and any amendments thereto or other similar regulatory proposals, including proposals by the Financial Stability Board on cross-border recognition of resolution actions, could be used in such a way as to result in the Notes being written down or converted into equity in the manner described above. Any actions by the relevant resolution authority pursuant to the powers granted to it as a result of the transposition of the BRRD, or other measures or proposals relating to the resolution of financial institutions, may adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

***The Notes are subject to optional redemption for taxation reasons***

The Issuer may, at its option, redeem in whole, but not in part, the Notes for taxation reasons in the circumstances described in, and in accordance with, Condition 6.2 (*Redemption for Taxation Reasons*) (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)) of the Terms and Conditions of the Notes. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. In the event of a redemption for taxation reasons, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed. Depending, *inter alia*, on the market conditions, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate 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.

***The Notes are subject to optional redemption upon the occurrence of an MREL Disqualification Event***

Upon the occurrence of an MREL Disqualification Event (as defined in the Conditions), the Issuer may, in the circumstances described in and in accordance with Condition 6.3 (*Issuer Call due to MREL Disqualification Event*) (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)), elect to redeem all, but not some only, of the Notes. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. If the Notes are so redeemed, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed. Depending, *inter alia*, on the market conditions, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate 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, an MREL Disqualification Event could result in a decrease in the market price of the Notes.

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

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

***Early redemption and purchase of the Notes may be restricted***

Any early redemption, purchase, cancellation, modification or variation of the Notes is subject to compliance by the Issuer with any conditions to such redemption, repurchase, cancellation, modification or variation prescribed by the Applicable Banking Regulations at the relevant time, including any requirements applicable to such redemption or repurchase due to the qualification of such Notes at such time as Eligible Liabilities.

In addition, under the CRR Regulation, the early redemption or purchase of Notes which qualify as Eligible Liabilities is subject to the prior approval of the Relevant Authority where applicable from time to time under the applicable laws and regulations. The CRR Regulation states that the Relevant Authority shall grant permission for an early redemption of the Notes in accordance with article 78a of the CRR Regulation where any of the following conditions are met:

- on or before such call, redemption, repayment or repurchase (as applicable) of the Notes, the Issuer replaces the Notes with Own Funds instruments or Eligible Liabilities instruments of equal or higher quality at terms that are sustainable for its income capacity; or
- the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such redemption or purchase, exceed the requirements for Own Funds and Eligible Liabilities laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or
- the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the relevant Notes with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorisation,

subject in any event to any different conditions or requirements as may be provided from time to time under the Applicable Banking Regulations (as defined in the Conditions).

#### ***Interest rate risks***

The Notes will bear interest at a fixed rate. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes during this period.

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

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

The Terms and Conditions of the Notes also provide that the Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of the Notes or the Agency of a formal, minor or technical nature or made to correct a manifest or proven error or to comply with mandatory provisions of the law, and (ii) any modification (except as mentioned in the Agency Agreement) of the Notes or the Agency Agreement which is not prejudicial to the interests of the Noteholders, as described in Condition 12 (*Meetings of Noteholders and Modification*).

#### ***The Notes may be subject to modification without the consent of Noteholders***

If at any time an MREL Disqualification Event occurs and is continuing in relation to the Notes and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Contractual Recognition of Statutory Bail-in Powers*) of the Terms and Conditions of the Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority (without any requirement for the consent or approval of the Noteholders), at any time vary the terms of the Notes, so that they remain or, as appropriate, become, Qualifying Notes (as defined below), **provided that** such variation does not itself give rise to any right of the Issuer to redeem the varied securities.

Qualifying Notes are securities issued by the Issuer that have terms not materially less favourable to the Noteholders, as reasonably determined by the Issuer, than the terms of the Notes. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. However, in respect of the effectiveness and enforceability of Condition 16 (*Contractual Recognition of Statutory Bail-in Powers*) of the Terms and Conditions of the Notes, the Qualifying Notes may have terms materially less favourable to Noteholders, including but not limited to a change in governing law and/or to the jurisdiction and service of process provisions. Additionally, there may be material tax consequences for Noteholders as a result of such modification, and Noteholders should consult their own tax advisors regarding such potential consequences.

#### ***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 Offering Circular and any such change could materially adversely impact the value of the Notes.

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

The Terms and Conditions of the Notes will be governed by the laws of Italy and Condition 15.1 (*Governing Law*) of the Terms and Conditions of the Notes provides that contractual and non-contractual obligations arising out of 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 Citibank Europe Plc as fiscal agent and paying agent, being the entity in charge for, *inter alia*, completing, authenticating and delivering the Temporary Global Note and Permanent Global Note and (if required) authenticating and delivering Definitive Notes, hence the Notes would be deemed to be issued in England. As article 59 of Law No. 218 of 31 May 1995 (regarding Italian international private law rules) provides that “other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued”, the Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions of the Notes and the Global Notes and the laws applicable to their transfer and circulation for any prospective investors in the Notes and any disputes which may arise in relation to, *inter alia*, the transfer of ownership in the Notes.

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

The Notes have denominations consisting of a minimum denomination of €100,000 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 €100,000. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than €100,000 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 €100,000 denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of €100,000 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. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Notes held through it.

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 for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

### ***Taxation***

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

### ***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. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount of principal due under the Notes upon redemption, and the market value of the Notes may be adversely affected.

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

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

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

### ***The Notes may not be a suitable investment for all investors seeking exposure to social assets***

It is the Issuer's intention to apply an amount equal to the net proceeds of the issuance of the Notes towards Eligible Social Assets (as defined in "Use of Proceeds" below). Prospective investors should have regard to the information set out in "Use of Proceeds" below and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investors deem necessary, and must assess the suitability of that investment in light of their own circumstances. In particular, no assurance is given by the Issuer or the Joint Lead Managers that the use of such proceeds for the funding of any social project will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Furthermore, it should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes a "social" project or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label. Accordingly, no assurance is or can be given to investors that any social project towards which proceeds of the Notes are to be applied will meet the investor expectations regarding such "social" performance objectives or that any adverse social and/or other impacts will not occur during the implementation of any social project.

Furthermore, it should be noted that in connection with the issue of the Notes, the Issuer has requested the issuance of the Second-party Opinion (as defined below) confirming that the social projects have been defined in accordance with the broad categorisation of eligibility for social projects set out in the International Capital Market Association ("ICMA") Social Bond Principles ("SBP"). The Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding to the net proceeds of the issue of the Notes. The Second-party Opinion does not constitute a recommendation to buy, sell or hold the Notes and is only current as of the date it is released. A withdrawal of the Second-party Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in social assets. No representation or assurance is given as to the suitability or reliability of the Second-party Opinion or certification of any third party made available in connection with the issue of Notes. For the avoidance of doubt, the Second party Opinion or any such certification is not incorporated in this Offering Circular. The Second-party Opinion or any such certification is not a recommendation by the Issuer, the Joint Lead Managers or any other person to buy, sell or hold the Notes and is current only as of the date it was issued. As at the date of this Offering Circular, the providers of the Second-party Opinion and any such certifications are not subject

to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of the Second-party Opinion or any such certification and/or the information contained therein.

In the event that the Notes are listed or admitted to trading on a dedicated “sustainable”, “social” or other equivalently labelled segment of a stock exchange or securities market, no representation or assurance is given by the Issuer, the Joint Lead Managers or any other person that such listing or admission satisfies any present or future investment criteria or guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Joint Lead Managers or any other person that any such listing or admission to trading will be obtained in respect of the Notes or that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equivalent to the proceeds of the Notes in, or substantially in, the manner described in “*Use of Proceeds*” below, there can be no assurance that the social projects (either resulting from the original application of the proceeds of the Notes or a subsequent reallocation of such proceeds) will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly the proceeds of the Notes will be totally or partially disbursed for such projects. Nor can there be any assurance that such social projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer, or that the originally designated social project (or any project(s) resulting from any subsequent reallocation of some or all of the proceeds of the Notes) will not be disqualified as such. Any such event or failure by the Issuer (including any failure to comply with their reporting obligations or to obtain any assessment, opinion or certification, including the Second-party Opinion) and any actual or potential maturity mismatch between the social asset(s) towards which proceeds of the Notes may have been applied and the Notes, will not: (i) give rise to any claim of a Noteholder against the Issuer; (ii) constitute an Event of Default under the Notes; (iii) lead to an obligation of the Issuer to early redeem the Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of the Notes; (iv) give a right to the Noteholders to request the early redemption or acceleration of the Notes; (v) affect the qualification of the Notes as Eligible Liabilities instruments or impact any of the features of the Notes, including (without limitation, as applicable) features relating to ranking or permanence; (vi) have any impact on the status of the Notes as indicated in Condition 3 (*Status*); or (vii) prevent the applicability of the Bail-In Power (or any other provision of the Applicable Banking Regulations).

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

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

Any event described above or failure to apply an amount equal to the proceeds of the issue of the Notes for any social projects as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for, amongst others, investors with portfolio mandates to invest in securities to be used for a particular purpose. Any failure by the Issuer to comply with its reporting obligations in relation to the Notes will not constitute an Event of Default under the Notes.

## **RISKS RELATED TO THE MARKET GENERALLY**

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

### ***The secondary market generally***

Although application has been made to admit the Notes to trading on the Global Exchange Market, the Notes will have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may not continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Moreover, although pursuant to Condition 6.5 (*Purchases*) the Issuer can purchase the Notes at any moment, this is not an obligation for the Issuer. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and other industrialised countries. There can be no assurance that events in Italy, Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

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

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

### ***Exchange rate risks and exchange controls***

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

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

### ***Legal investment considerations may restrict certain investments***

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

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

The Notes have been rated by S&P and DBRS, each of which is established in the European Union and registered under the CRA Regulation as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the ESMA webpage). These ratings may not reflect the potential impact of all risks related to structure, market, additional factor discussed above and other factors that may affect the value of the Notes or the standing of the Issuer.

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

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

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

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

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

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



## OVERVIEW OF THE NOTES

This overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular. Any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including the documents incorporated by reference.

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

<b>Issuer:</b>	Istituto per il Credito Sportivo
<b>LEI (Legal Entity Identifier):</b>	815600ACC18A758ADE66
<b>Joint Lead Managers:</b>	Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A. and J.P. Morgan SE
<b>Fiscal Agent and Paying Agent:</b>	Citibank Europe Plc
<b>Irish Listing Agent:</b>	Walkers Listing Services Limited
<b>Notes:</b>	€300,000,000 5.25% Senior Preferred Social Notes due 31 October 2025
<b>Issue Price:</b>	99.859% of the principal amount of the Notes
<b>Issue Date:</b>	31 October 2022
<b>Form and Denomination of Notes:</b>	The Notes will be in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to (and including) €199,000.
<b>Negative pledge:</b>	None
<b>Status of the Notes:</b>	<p>The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking (subject to any obligations preferred by any applicable law) <i>pari passu</i> with all other unsecured obligations (other than obligations ranking junior to the Notes from time to time (including any Non-Preferred Senior Notes and any further obligations permitted by law to rank junior to the Notes), if any) of the Issuer present and future and, in the case of the Notes, <i>pari passu</i> and rateably without any preference among themselves.</p> <p>Each holder of a Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Note.</p>
<b>Interest and Interest Payment Dates:</b>	Unless previously redeemed, the Notes will bear interest from and including the Issue Date to but excluding the Maturity Date, at the rate of 5.25 per cent. per annum, payable annually in arrear on 31 October in each year, commencing on 31 October 2023.
<b>Maturity Date:</b>	Subject as set out herein, the Notes will become repayable at their principal amount on 31 October 2025.
<b>No right of Noteholders to redeem:</b>	The Notes may not be redeemed at the option of the Noteholders.
<b>Redemption due to a MREL Disqualification Event:</b>	The Issuer may (but subject to the provisions of Condition 6.8 ( <i>Conditions to Early Redemption and Purchase of Notes</i> )), redeem the Notes in whole, but not in part, at any time at their principal amount together with interest accrued to but excluding

the redemption date if the Issuer determines that an MREL Disqualification Event has occurred and is continuing.

“**MREL Disqualification Event**” means that, by reason of a change in any MREL Requirements, which was not reasonably foreseeable by the Issuer at the Issue Date, all or part of the aggregate outstanding nominal amount of such Notes are or will be excluded fully or partially from Eligible Liabilities. For the avoidance of doubt: (a) the exclusion of the Notes from the Eligible Liabilities due to the remaining maturity of such Notes being less than any period prescribed thereunder, does not constitute an MREL Disqualification Event, (b) the exclusion of all or some Notes from the MREL Requirements due to there being insufficient headroom for such Notes within a prescribed exception to the otherwise applicable general requirements for Eligible Liabilities does not constitute a MREL Disqualification Event; (c) the exclusion of all or some of the Notes from the MREL Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer, does not constitute a MREL Disqualification Event.

**Redemption for tax reasons:**

The Issuer may, at its option (but subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)), redeem the Notes in whole, but not in part, at any time at their principal amount together with interest accrued to but excluding the redemption date, if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any political subdivision of, or any authority in, or of, a Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it.

For the purposes of this provision:

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

**Clean-Up Call Option**

In the event that at least eighty (80) per cent. of the aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, the Issuer may (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)), at its option but subject to having given not less than thirty (30) nor more than sixty (60) days’ notice to the Noteholders, redeem all, but not some only, of the outstanding Notes. Any such redemption of Notes shall be at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption.

<b>Purchases:</b>	The Issuer or any of its subsidiaries may, subject to the provisions of Condition 6.8 ( <i>Conditions to Early Redemption and Purchase of Notes</i> ), at any time, including for market making purposes, purchase Notes in the open market or otherwise at any price <b>provided that</b> all unmatured Coupons appertaining to the Notes are purchased therewith. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.
<b>Conditions to redemption and purchase:</b>	Other than following an Event of Default (as defined below), any redemption, purchase, cancellation, modification or variation (as applicable) of the Notes prior to their stated maturity in accordance with Conditions 6.2 ( <i>Redemption for Taxation Reasons</i> ), 6.3 ( <i>Issuer Call due to MREL Disqualification Event</i> ), 6.4 ( <i>Clean-Up Call Option</i> ) or 6.5 ( <i>Purchases</i> ), 6.6 ( <i>Cancellations</i> ), 12.1 ( <i>Meetings of Noteholders</i> ), 12.2 ( <i>Modification</i> ) (including, for the avoidance of doubt, any modification or variation in accordance with Condition 12 ( <i>Meetings of Noteholders and Modification</i> ) or Condition 13 ( <i>Variation</i> )), will be subject to compliance by the Issuer with any conditions or permission of the Relevant Authority (as applicable) prescribed by the Relevant Regulations as described in Condition 6.8 ( <i>Conditions to Early Redemption and Purchase of Notes</i> ).
<b>Events of Default:</b>	In the event of an insolvency or liquidation of the Issuer (including, <i>inter alia</i> , <i>Liquidazione Coatta Amministrativa</i> as defined in the Italian Banking Act) (the “ <b>Event of Default</b> ”), any holder of a Note may declare any Note held by it to be forthwith due and payable at its principal amount together with any accrued interest to the redemption date.
<b>Contractual Recognition of Statutory Bail-in Powers:</b>	<p>By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Relevant Authority (as defined in the Conditions) that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Authority of such Bail-in Power. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Relevant Authority.</p> <p>“<b>Bail-In Power</b>” means any statutory write-down, conversion, transfer, modification, or suspension power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities in effect and applicable in the Republic of Italy to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements (including the BRRD and/or the SRM Regulation) that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a resolution regime or otherwise, pursuant to which liabilities of a credit</p>

institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person.

**Variation following a MREL Disqualification Event or to ensure effectiveness and enforceability of the Bail-In Power:**

Where (i) a MREL Disqualification Event has occurred and is continuing, and/or (ii) in order to ensure the effectiveness and enforceability of the Bail-In Power in accordance with Condition 16 (*Contractual Recognition of Statutory Bail-In Power*), the Issuer shall be entitled to modify the terms and conditions of the Notes, in accordance with and subject to the conditions set out in Condition 13 (*Variation*).

**Taxation:**

Subject to certain conditions, all payments of interest in respect of the Notes will be made free and clear of withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature, imposed or levied by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer will pay (subject to certain exceptions as provided in Condition 7 (*Taxation*)) such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts of interest as would have been received by them had no such withholding or deduction been required.

**Use of proceeds:**

An amount equal to the net proceeds will be applied by the Issuer to finance and/or re-finance, in whole and/or in part, the Eligible Social Assets, as defined in Social Bond Framework (as defined below).

**Risk Factors:**

There are certain risks related to the holding of the Notes which investors should ensure they fully understand. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed in the section headed "*Risk Factors*".

**Governing Law:**

The Notes and any non-contractual obligations arising out of them will be governed by Italian law.

**Listing and Trading:**

Application has been made to the Irish Stock Exchange, now trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin.

**Rating:**

The Notes are expected to be rated "BBB-" by S&P and "BBB" by DBRS.

**A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. See "*Risk Factors – Risks related to the market generally – Credit ratings may not reflect all risks*".**

**Form of the Notes:**

The Notes will be in bearer form and will be represented by one or more Global Notes in NGN form deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Notes are intended to be held in a manner which would allow Euro-system eligibility.

**ISIN/Common Code:**

XS2541422395 / 254142239

**Clearing systems:**

Euroclear, Clearstream Luxembourg

**Selling restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the Republic of Italy and France), the United Kingdom and Japan. See “*Subscription and Sale*”.

**Prohibition of Sales to EEA  
Retail Investors and/or to UK  
Retail Investors:**

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area and/or in the United Kingdom.

## DOCUMENTS INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Offering Circular provided however that any statement contained in any document incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such statement:

- (a) the Financial Statements of the Issuer as at and for the year ended 31 December 2021 (the “**2021 Annual Financial Statements**”), prepared in accordance with IFRS and together with the accompanying notes and auditors’ report which can be found on the Issuer’s website at:

[https://www.creditosportivo.it/wp-content/uploads/2022/09/Bilancio-dell\\_esercizio-2021-ICS-EN-rev.1.pdf](https://www.creditosportivo.it/wp-content/uploads/2022/09/Bilancio-dell_esercizio-2021-ICS-EN-rev.1.pdf)

- (b) the Financial Statements of the Issuer as at and for the year ended 31 December 2020 (the “**2020 Annual Financial Statements**”), prepared in accordance with IFRS and together with the accompanying notes and auditors’ report which can be found on the Issuer’s website at:

[https://www.creditosportivo.it/wp-content/uploads/2022/09/Bilancio-dell\\_esercizio-2020\\_EN-rev.1.1.pdf](https://www.creditosportivo.it/wp-content/uploads/2022/09/Bilancio-dell_esercizio-2020_EN-rev.1.1.pdf)

- (c) the press release published by the Issuer on 12 September 2022 and entitled “*Istituto per il Credito Sportivo (ICS) closes the first half of 2022 with a very positive financial result; an important milestone in the growth outlined in the 2020-2023 Business Plan.*”, which can be found on the Issuer’s website at:

[https://www.creditosportivo.it/wp-content/uploads/2022/09/4.1-iii-Allegato-3-Comunicato-Stampa-ICS-Clean\\_EN.pdf](https://www.creditosportivo.it/wp-content/uploads/2022/09/4.1-iii-Allegato-3-Comunicato-Stampa-ICS-Clean_EN.pdf)

The audited financial statements for each of the years indicated above under lett. (a) and (b) have been prepared in accordance with “IFRS”.

Copies of the documents specified above as containing information incorporated by reference in this Offering Circular may be inspected, free of charge, at the registered office of the Issuer. Any information contained in any of the documents specified above which is not incorporated by reference in this Offering Circular is either not relevant to investors or covered elsewhere in this Offering Circular.

Any documents which are themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular (unless they are being separately incorporated by reference in this Offering Circular under this section).

The tables below set out the relevant page references for the notes and the auditor’s report in respect of each of the annual financial statements of ICS as at and for the years ended 31 December 2020 and 31 December 2021.

## Cross Reference List

<u>Document</u>	<u>Information incorporated</u>	<u>Page numbers</u>
2021 Annual Financial Statements	Audited annual financial statements: <i>Balance Sheet</i> <i>Income Statement</i> <i>Comprehensive Income</i> <i>Statement of Changes in Equity</i> <i>Statement of Cash Flows</i> <i>Notes to the Financial Statements</i> <i>Independent Auditors' Report</i>	p.58-59 p.60 p.61 p.62-63 p. 64 pp. 65 and following p.252
2020 Annual Financial Statements	Audited annual financial statements: <i>Balance Sheet</i> <i>Income Statement</i> <i>Comprehensive Income</i> <i>Statement of Changes in Equity</i> <i>Statement of Cash Flows</i> <i>Notes to the Financial Statements</i> <i>Independent Auditors' Report</i>	p.55-56 p.57 p.58 p.59-60 p.61 pp.63 and following p.239

## TERMS AND CONDITIONS OF THE NOTES

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

The €300,000,000 5.25% Senior Preferred Social Notes due 31 October 2025 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the Notes) of Istituto per il Credito Sportivo (the “**Issuer**”) are issued subject to and with the benefit of an Agency Agreement dated 31 October 2022 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer and Citibank Europe Plc as fiscal agent (the “**Fiscal Agent**”) and paying agent (and together with any additional or other paying agents appointed under the Agency Agreement, the “**Paying Agents**”).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection or collection during normal business hours by the holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**”, respectively) upon reasonable request at the specified office of each of the Paying Agents or may be provided by email to a Noteholder following their prior written request to any Paying Agents or the Issuer and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent or the Issuer, as the case may be). The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1. DEFINITIONS

In these Conditions the following expressions have the following meanings:

“**Actual/Actual (ICMA)**”, means:

- (A) where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Interest Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the number of days in such Interest Period; or
- (B) where the Accrual Period is longer than the Interest Period during which the Accrual Period ends, the sum of:
  - (i) the number of days in such Accrual Period falling in the Interest Period in which the Accrual Period begins divided by the number of days in such Interest Period and
  - (ii) the number of days in such Accrual Period falling in the next Interest Period divided by the number of days in such Interest Period;

“**Applicable Banking Regulations**” means any requirements contained in the laws, regulations, rules, guidelines and policies of the Relevant Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and/or minimum requirement for Own Funds and Eligible Liabilities and applicable to the Issuer from time to time (including, but not limited to, as at the Issue Date, the rules contained in, or implementing, the CRD IV Package and the BRRD, delegated or implementing acts adopted by the European Commission and standards and guidelines issued by the EBA) (whether or not such requirements, guidelines, or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

“**Bail-In Power**” means any statutory write-down, conversion, transfer, modification or suspension power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities in effect and applicable in the Republic of Italy to the Issuer or other



Group Entities, including (but not limited to) any such laws, regulations, rules or requirements (including the BRRD and/or the SRM Regulation) that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person.

“**Banking Reform Package**” means: (i) the BRRD II; (ii) the CRD V Directive; (iii) the CRR II Regulation; and (iv) the SRM II Regulation;

“**BRRD**” means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, or replaced from time to time, (including by the BRRD II);

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

“**Business Day**” means a day which is both:

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

“**Calculation Amount**” means EUR 1,000;

“**CRD IV Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended or replaced from time to time (including by CRD V Directive);

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

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

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

“**CRR II Regulation**” means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for Own Funds and Eligible Liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as amended or replaced from time to time;

“**Day Count Fraction**” means Actual/Actual (ICMA);

“**Eligible Liabilities**” means at any time eligible liabilities as interpreted and applied in accordance with the Applicable Banking Regulations;

“**Extraordinary Resolution**” has the meaning given to such term in the Agency Agreement;

“**Future Capital Instruments Regulations**” means any regulatory capital rules or regulations introduced after the Issue Date by the Relevant Authority or by the institutions of the European Union or which are otherwise applicable to the Issuer (on a solo or consolidated basis), which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer (on a solo or consolidated basis);

“**Interest Payment Date**” means 31 October in each year commencing on 31 October 2023 to and including the Maturity Date;

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

“**Issue Date**” means 31 October 2022;

“**Italian Banking Act**” means the Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended;

“**MREL Disqualification Event**” means that, by reason of a change in any Applicable Banking Regulation, which was not reasonably foreseeable by the Issuer at the Issue Date, all or part of the aggregate outstanding nominal amount of such Notes is or will be excluded fully or partially from Eligible Liabilities. For the avoidance of doubt: (a) the exclusion of the Notes from the Eligible Liabilities due to the remaining maturity of such Notes being less than any period prescribed thereunder, does not constitute an MREL Disqualification Event, (b) the exclusion of all or some Notes from the MREL Requirements due to there being insufficient headroom for such Notes within a prescribed exception to the otherwise applicable general requirements for Eligible Liabilities does not constitute a MREL Disqualification Event; (c) the exclusion of all or some of the Notes from the MREL Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer, does not constitute a MREL Disqualification Event;

“**MREL Requirements**” means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and Eligible Liabilities and/or loss-absorbing capacity instruments applicable to the Issuer, from time to time, (including any applicable transitional provisions) including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and Eligible Liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy, a relevant Relevant Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

“**Non-Preferred Senior Notes**” means any instruments which qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under article 12-*bis* of the Italian Banking Act;

“**Own Funds**” has the meaning given to such term (or any equivalent or successor term) in the Applicable Banking Regulations;

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

- (a) other than in respect of the effectiveness and enforceability of Condition 16 (*Contractual Recognition of Statutory Bail-in Powers*), have terms not materially less favourable to a Noteholder (as reasonably determined by the Issuer) than the terms of the Notes, and they shall also (A) contain terms which at such time result in such securities being treated as Eligible Liabilities under the Applicable Banking Regulations; (B) include a ranking at least equal to that of the Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes; (D) have the same redemption rights as the Notes; (E) preserve any existing rights under the Notes to any

accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation; and (F) are assigned (or maintain) the same solicited credit ratings as were assigned to the Notes immediately prior to such variation or substitution, unless any downgrade is solely attributable to the effectiveness and enforceability of Condition 16 (*Contractual Recognition of Statutory Bail-in Powers*); and

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

“**Rate of Interest**” means 5.25 per cent. per annum;

“**Relevant Authority**” means the European Central Bank, the Bank of Italy or any successor entity of, or replacement entity to, either such entity, and/or any other authority having primary responsibility for the prudential oversight and supervision of the Issuer within the framework of the Single Supervisory Mechanism set out under Council Regulation (EU) No. 1024/2013 (“SSM”) and in accordance with the Applicable Banking Regulations and/or, as the context may require, the Italian resolution authority, the Single Resolution Board established pursuant to the SRM Regulation, and/or any other authority in Italy or in the European Union entitled to exercise or participate in the exercise of the Italian Bail-in Power or having primary responsibility for the prudential oversight and supervision of the Issuer from time to time;

“**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 11 (*Notices*);

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

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

“**Resolution Power**” means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation;

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

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

“**TARGET Business Day**” means a day on which the Trans European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open;

## 2. **FORM, DENOMINATION AND TITLE**

### 2.1 **Form and Denomination**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with Coupons attached on issue.

### 2.2 **Title**

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

### 2.3 **Holder Absolute Owner**

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

## 3. **STATUS**

3.1 The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking (subject to any obligations preferred by any applicable law) *pari passu* with all other unsecured obligations (other than obligations ranking junior to the Notes from time to time (including any Non-Preferred Senior Notes and any further obligations permitted by law to rank junior to the Notes), if any) of the Issuer present and future and, in the case of the Notes, *pari passu* and rateably without any preference among themselves.

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

3.3 For the avoidance of doubt, there is no negative pledge provision in these Conditions.

## 4. **INTEREST**

### 4.1 **Interest Calculation**

(i) Unless previously redeemed or repurchased and cancelled in accordance with these Conditions, each Note bears interest from (and including) the Issue Date to (but excluding) the Maturity at a rate equal to the Rate of Interest payable annually in arrear on the Interest Payment Date in each year up to (and including) the Maturity Date.

(ii) The amount of interest payable shall be €52.5 per Calculation Amount on each Interest Payment Date. If interest is required to be calculated for a period other than a Interest Period, such interest shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest Euro cent, with half of a Euro cent being rounded upwards.

### 4.2 **Accrual of Interest**

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

(ii) five (5) days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11 (*Notices*).

## 5. PAYMENTS

### 5.1 Payments in respect of Notes

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

### 5.2 Method of Payment

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

### 5.3 Missing Unmatured Coupons

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

### 5.4 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

### 5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8 (*Prescription*)):

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

In this Condition only, “**Business Day**” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

### 5.6 Initial Paying Agents

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

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

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 11 (*Notices*).

## 6. REDEMPTION AND PURCHASE

### 6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 31 October 2025 (the “**Maturity Date**”).

### 6.2 Redemption for Taxation Reasons

If:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7 (*Taxation*)) or any political subdivision of, or any authority in, or of, a Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)), having given not less than 30 nor more than 60 days’ notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes, in whole but not in part, at any time during an Interest Period at their principal amount together with interest accrued to but excluding the date fixed for redemption, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent to make available at its specified offices to the Noteholders (i) a certificate signed by a Director or a duly authorised officer of the Issuer stating the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

### 6.3 Issuer Call due to MREL Disqualification Event

The Issuer may (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)) at any time, on giving not less than 15 nor more than 90 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all (but not some only) of the Notes then outstanding at any time at their principal amount together with interest accrued to (but excluding) the date fixed for redemption, if the Issuer determines that an MREL Disqualification Event has occurred and is continuing.

### 6.4 Clean-Up Call Option

In the event that at least eighty (80) per cent. of the aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, the Issuer may (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)), at its option but subject to having given not less than thirty (30) nor more than sixty (60) days’ notice to the Noteholders, redeem all, but not some only, of the outstanding Notes. Any such redemption of Notes shall be at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption.

## 6.5 Purchases

The Issuer or any of its subsidiaries may, subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*), at any time, including for market making purposes, purchase Notes in the open market or otherwise at any price **provided that** all unmatured Coupons appertaining to the Notes are purchased therewith. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

## 6.6 Cancellations

All Notes which are redeemed will forthwith (subject to the provisions of Condition 6.8 (*Conditions to Early Redemption and Purchase of Notes*)) be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes. All Notes so redeemed and cancelled pursuant to this Condition, and the Notes purchased and cancelled pursuant to Condition 6.5 (*Purchases*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

## 6.7 Notices Final

Upon the expiry of any notice as is referred to in Conditions 6.2, 6.3 and 6.4 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

## 6.8 Conditions to Early Redemption and Purchase of Notes

The Notes may only be redeemed, purchased, cancelled, modified or varied (as applicable) pursuant to Condition 6.2 (*Redemption for Taxation Reasons*), Condition 6.3 (*Issuer Call due to MREL Disqualification Event*), Condition 6.4 (*Clean-Up Call Option*), Condition 6.5 (*Purchases*), Condition 6.6 (*Cancellations*), Condition 12.1 (*Meetings of Noteholders*), Condition 12.2 (*Modification*) (including, for the avoidance of doubt, any modification or variation in accordance with Condition 12 (*Meetings of Noteholders and Modification*) or Condition 13 (*Variation*)) in compliance by the Issuer with any conditions prescribed by the MREL Requirements at the relevant time, including, as relevant, the condition that the Issuer has obtained the prior permission of the Relevant Authority in accordance with article 78a of the CRR Regulation, where one of the following conditions is met:

- (a) on or before such call, redemption, repayment or repurchase (as applicable), the Issuer replaces the Notes with Own Funds instruments or Eligible Liabilities instruments of equal or higher quality at terms that are sustainable for its income capacity; or
- (b) the Issuer has demonstrated to the satisfaction of the Relevant Authority that its Own Funds and Eligible Liabilities would, following such call, redemption, repayment or repurchase, exceed the requirements for Own Funds and Eligible Liabilities (if any) laid down in the Applicable Banking Regulations by a margin that the Relevant Authority considers necessary; or
- (c) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the partial or full replacement of the relevant Notes with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the Applicable Banking Regulations for continuing authorisation,

subject in any event to any different conditions or requirements as may be applicable from time to time under the Applicable Banking Regulations.

The Relevant Authority may grant a general prior permission, for a specified period which shall not exceed one year, to redeem or purchase (including for market making purposes) the Notes, in the limit of a predetermined amount, subject to criteria that ensure that any such redemption or purchase will be in accordance with the conditions set out in sub-paragraphs (a) or (b) of the preceding paragraph.

No event of default for the Notes shall occur in case the Relevant Authority does not grant a permission under this Condition 6.8.

## 7. TAXATION

### 7.1 Payment without Withholding

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

- (a) presented for payment by, or on behalf of, a holder who is liable for Taxes in respect of such Note or Coupon by reason of having some connection with the Relevant Jurisdiction other than a mere holding of the Note or Coupon; or
- (b) in relation to any payment to be requested in the Republic of Italy; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting such Note or Coupon for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 5 (*Payments*)); or
- (d) for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time, or any related implementing regulations; or
- (e) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement (including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption) and fails to do so in due time; or
- (f) in the event of payment to Noteholders and Couponholders resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

### 7.2 Additional Amounts

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

## 8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons will be prescribed and become void unless presented for payment within periods of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

## 9. EVENTS OF DEFAULT

In the event of an insolvency or liquidation of the Issuer (including, *inter alia*, *Liquidazione Coatta Amministrativa* as defined in the Italian Banking Act (the “**Event of Default**”)), any holder of a Note may, by written notice to the Issuer at the specified office of the Issuer or the Fiscal Agent, effective upon the date of receipt thereof by the Issuer or the Fiscal Agent, declare any Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

No event of default for the Notes shall occur other than in the context of an insolvency or liquidation (including, without limitation, *Liquidazione Coatta Amministrativa*) in respect of the Issuer (and, for the avoidance of doubt, resolution proceeding(s) or moratoria imposed by a resolution authority in respect of the Issuer shall not constitute an event of default for the Notes for any purpose).



## 10. **REPLACEMENT OF NOTES AND COUPONS**

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

## 11. **NOTICES**

### 11.1 **Notices to the Noteholders**

All notices regarding the Notes will be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market and the listing rules of Euronext Dublin so require, all notices to Noteholders shall be deemed to be duly given if they are filed with the Companies Announcement Office of Euronext Dublin.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given if published in a leading English language daily newspaper published in London, on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

### 11.2 **Notices from the Noteholders**

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

## 12. **MEETINGS OF NOTEHOLDERS AND MODIFICATION**

### 12.1 **Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes a Reserved Matter the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

### 12.2 **Modification**

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any modification shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11 (*Notices*).

### 13. **VARIATION**

If at any time an MREL Disqualification Event occurs and is continuing and/or in order to ensure the effectiveness and enforceability of Condition 16 (*Contractual Recognition of Statutory Bail-in Power*) with respect to the Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Relevant Authority (without any requirement for the consent or approval of the Noteholders) and having given not less than 15 (fifteen) nor more than 90 (ninety) days' notice to the Fiscal Agent and the Noteholders, which notice shall be irrevocable, at any time vary the terms of the Notes so that they remain or, as appropriate, become Qualifying Notes, **provided that** such variation does not itself give rise to any right of the Issuer to redeem the varied securities.

For the avoidance of doubt, no consent of the Noteholders shall be required for a variation of the Notes in accordance with this Condition 13 and the Fiscal Agent shall be obliged to effect such matters.

### 14. **FURTHER ISSUES**

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

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

#### 15.1 **Governing Law**

The Agency Agreement, the Terms and Conditions, 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.

#### 15.2 **Jurisdiction**

The Issuer irrevocably agrees for the benefit of the Noteholders that the courts of Milan are to have jurisdiction to hear and determine any suit, action or proceedings and to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Agency Agreement and the Notes and the Coupons (including any non-contractual obligations arising out of or in connection with the foregoing) (respectively "**Proceedings**" and "**Disputes**") and for such purposes irrevocably submits to the non-exclusive jurisdiction of such courts.

#### 15.3 **Appropriate Forum**

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of Milan being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and has agreed not to claim that any such court is not a convenient or appropriate forum.

#### 15.4 **Non-exclusivity**

The submission to the jurisdiction of the courts of Milan shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether currently or not) if and to the extent permitted by law.

15.5 **Consent to Enforcement**

The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

16. **CONTRACTUAL RECOGNITION OF STATUTORY BAIL-IN POWERS**

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuer and any holder, and without prejudice to article 55(1) of the BRRD, by its acquisition of the Notes each holder (which, for the purposes of this Condition 16, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effects of the exercise of the Bail-in Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Bail-in Power by the Relevant Authority.

The exercise of the Bail-in Power by the Relevant Authority shall not constitute an Event of Default and these Conditions shall remain in full force and effect save as varied by the Relevant Authority in accordance with this Condition 16.

Upon the Issuer being informed or notified by the Relevant Authority of the actual date from which the exercise of the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the holders of the Notes without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition 16.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (“NGN”) form. On 13 June 2006 the European Central Bank (the “ECB”) announced that 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 “Eurosysteem”), 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 Eurosysteem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosysteem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosysteem monetary policy and intra-day credit operations by the Eurosysteem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosysteem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of €100,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR199,000.

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

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have). Under the Permanent Global Note, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*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:* Notwithstanding Condition 11 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 11 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

*Accountholders:* For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg 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 notices to the Issuer pursuant to Condition 9 (*Events of Default*)) other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

*Cancellation:* Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by Euroclear and Clearstream, Luxembourg making the appropriate entries in their respective records to reflect such cancellation.

## USE OF PROCEEDS

The net proceeds from the issue and sale of the Notes will amount to approximately Euro 300,000,000.00 and an amount equal to the net proceeds will be applied by the Issuer to finance and/or re-finance, in whole and/or in part, the Eligible Social Assets detailed below.

The Eligible Social Assets have been identified by the Issuer in accordance with its social bond framework (the “**Social Bond Framework**”) and in accordance with the broad categorisation of eligibility for social assets set out by the ICMA Social Bond Principles Guidelines, pursuant to which only Notes financing or refinancing Eligible Social Assets and complying with the relevant eligibility criteria and any other criteria set out in the Social Bond Framework will be classified as Social Bonds.

Pursuant to the Social Bond Framework the “**Eligible Social Assets**” to which an amount equal to the proceeds raised from the issuance of “social bonds” can be exclusively allocated include financing, or re-financing, new or existing sport and culture related projects in the following customer segments:

- (i) **Municipalities:** this includes municipalities, provinces, regions, and other Italian local entities;
- (ii) **Parishes:** in addition to parishes, within this category there are religious congregations and other moral entities;
- (iii) **Not-for-profit entities:** this includes amateur sports association (ASD – *associazioni sportive dilettantistiche*) and amateur sports club (SSD – *società sportive dilettantistiche*);
- (iv) **Sport Federations:** this category comprises national Italian sports federations;
- (v) **SMEs:** as defined by EU standard; and
- (vi) **Universities:** Italian universities and their related sports centers.

For the purpose of the Notes the Eligible Social Assets are:

- (i) new and/or existing loans, regarding the Social Eligible Categories (as defined and identified in the Social Bond Framework):
  - (a) located in area where Social Vulnerability Index<sup>1</sup> is higher than Italian national mean;
  - (b) having a Social Return of the Investment<sup>2</sup> (SROI) index higher than 1;
- (ii) existing loans, regarding the Social Eligible Categories (as defined and identified in the Social Bond Framework), with liquidity needs stemming from the health emergencies (COVID-19 pandemic) and the related social and economic downturn<sup>3</sup>.

The Social Bond Framework is available on the Issuer’s website at <https://www.creditosportivo.it/ics-social-bond/>.

For the avoidance of doubt, the Social Bond Framework is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular.

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<sup>1</sup> The Social Vulnerability Index measures the Social Vulnerability Risk exposure and it is provided by the Italian Statistics Institute (ISTAT). Social Vulnerability Index provides a synthetic measure of the Italian municipalities social and material vulnerability level; it is a tool able to express, with a synthetic score, values which encompass several aspects of a natural multidimensional phenomenon. For reference: <https://www.istat.it/it/files/2020/12/Le-misure-della-vulnerabilita.pdf> - Data: <https://ottomilacensus.istat.it/download-dati/>.

<sup>2</sup> The Social Return of the Investment (SROI) is a widely diffused and consolidated metric in the impact analysis literature, as it adequately considers the multiple social benefits deriving from an infrastructure, as well as the associated costs in a multi-year perspective in line with the useful life of the asset. For further details, please refer to the Social Bond Framework.

<sup>3</sup> Law Decree of 8 April 2020, no. 23, art. 14, paragraphs 1 and 2 (to meet liquidity needs related to the COVID-19 emergency and the Decree of the Italian Minister for Youth Policies and Sports); Law Decree 25 May 2021, no. 73, art. 10 (Urgent measures related to the emergency from COVID-19, for companies, the work, young people, health and local services) – Decree of the President of the Council of Ministers (D.P.C.M.) 25 June 2021 (Decree approving new management criteria for the liquidity structure of the guarantee fund pursuant to Law 289/2002. Sports Credit Institute).

## DESCRIPTION OF THE ISSUER

### HISTORY AND DEVELOPMENT OF THE ISSUER

#### *Introduction*

Istituto per il Credito Sportivo S.p.A. (“ICS” or the “Issuer”), pursuant to and for the purposes of Article 151 of the Legislative Decree No. 385 of 1 September 1993, as amended, (the “**Italian Banking Act**”), is a public bank, incorporated under the laws of Italy and registered with the Trade and Companies’ Registry of Rome (*Registro delle Imprese*) under registration number 00644160582, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Italian Banking Act with the number 4775. The Issuer’s registered office and head office is at Via Giambattista Vico 5, 00196, Rome, Italy and the telephone number of its registered office is +39 06 324981. Its certified email contact address is [creditosportivo@legalmail.it](mailto:creditosportivo@legalmail.it) and its website is [www.creditosportivo.it](http://www.creditosportivo.it).

ICS has been established in 1957 by provision of Law No. 1295 of 24 December 1957, published in the Official Gazette No. 9 of 13 January 1958 (the “**ICS Establishment Law**”), which transferred to ICS the credit operations of Banca Nazionale del Lavoro S.p.A. relating to the “Special Sports Credit Management” (*gestione speciale del credito sportivo*). As provided in its by-laws ICS operates in the sector of credit for sports and cultural activities.

The Issuer’s financial year ends on 31 December of each year.

#### *Nature of the Issuer*

The Issuer has been established as an “*ente di diritto pubblico con gestione autonoma*”. The nature of ICS as public bank is embedded in various aspects of its corporate organisation which are all stated in its articles of association (the “**Articles of Association**”). Such aspects relate to:

- (a) the corporate purpose of ICS, which is the commitment in developing social environment related to sport and cultural activities (for further details, please refer to subparagraph “*Banking activity*” set out in paragraph “*Business overview*” below);
- (b) the procedures for the appointment of the Board of Directors, the Board of Statutory Auditors and the Special Funds Management Committee, which involve several public institutions in the designation of the corporate bodies members and provide for the appointment of such members by the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*) (for further details, please refer to paragraph “*Administrative, Management and Supervisory bodies*” below); and
- (c) the capital participation structure, which is largely composed of quotas detained by public entities, and for which certain procedures and limits are provided for the transfer of quota holdings (for further details, please refer to paragraph “*Major Quotaholders*” below).

The Issuer operates as a banking institution pursuant to and for the purposes of Article 151 of the Italian Banking Act and is subject to the supervision of the Bank of Italy. The Issuer is also subject to additional laws and regulations relating to, *inter alia*, its internal organisation and corporate governance due to its nature as a public entity. Accordingly, in the exercise of its activities, ICS operates like any other enterprise of the Italian banking sector, bearing the typical business risk of the banking activity and operating under a competitive regime and subject to the rules of the market, with no privileges and/or benefits directly deriving from its public nature.

The Issuer is also subject to the application of insolvency procedures which ordinarily apply to Italian banks. Such provisions include the scheme set out under the BRRD / Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time (including by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019) (the “**BRRD**”) which identifies the powers and tools which national authorities in charge of resolving banking crisis may adopt for the resolution of a bank’s crisis or a collapse situation (*i.e.*, the sale of business, the asset separation, the bail-in, the bridge bank and the new pre-resolution moratorium tool).

With specific reference to the bail-in instrument, the BRRD has provided a minimum requirement for own funds and eligible liabilities (“**MREL**”) in order to ensure that a bank, in case of application of the bail-in tool, has sufficient liabilities to absorb losses and to assure compliance with the Common Equity Tier 1

requirement provided for the authorisation to exercise the banking business, as well as to generate confidence in the market. The MREL TREA requirement to be complied with by the Issuer is equal to or greater than 10.65%. The MREL LRE requirement to be complied with by the Issuer is equal to or greater than 3.00%.

In addition to the above, according to the resolution plan developed by the Bank of Italy, as national resolution authority, for the Issuer, ICS should be eligible for the applicability of administrative compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title V of Royal Decree No. 267 of 16 March 1942.

## **BUSINESS OVERVIEW**

ICS exercises the following main activities:

### ***Banking activity***

The banking activity carried out by ICS in the sector of credit for sports and cultural activities comprises the collections of savings from the public whether in the form of deposits or otherwise and the exercise of credit in any form. The area of activity of the Issuer includes, by way of example and not limited to, the financing of:

- (a) construction, extension, equipment and improvement of sports facilities and/or instrumental to sports activities, including acquisition of the relevant areas;
- (b) purchase of real estate to be used for or instrumental to sports activities;
- (c) promotion of sport culture;
- (d) management of sports facilities and/or sports activities and the organization of sport events;
- (e) initiatives to support and develop cultural activities;
- (f) purchase, construction, renovation and improvement of places and buildings for cultural or instrumental activities;
- (g) improvement of energy efficiency, safety accessibility and technological innovation both of sport infrastructures and cultural venues.

In addition to the above, ICS may finance any other activities and investments, not listed above, related to sport and cultural sectors and may also provide treasury services to public and private entities that operate both in sport and cultural sector. ICS may also carry out, directly or indirectly, consultancy activities, including technical consultancy, in the field of sports and culture, as well as any other activities permitted to banks, none excluded.

### ***Special Funds management***

ICS manages and administers, under separate account system (*gestione separata*) and with no commission payable to ICS for such activity, three special funds owned by the Republic of Italy (each a “**Special Fund**”). The assets of each Special Fund are segregated from those of the Issuer.

1. ***Special Fund for granting interest subsidies on loans regarding sports facilities (the “Sport Special Fund”)***

The Sport Special Fund grants interest subsidies on loans for sports purposes, contracted by both public and private entities that pursues, even indirectly, a sporting purpose. The Sport Special Fund grants interest subsidies on mortgages for sports purposes granted by ICS and other affiliated lenders, contracted by any public or private entity that pursues, even indirectly, a sports purpose, relating to projects that have obtained the favorable technical opinion of CONI;



2. *Guarantee Fund for sports facilities established by art. 90, paragraph 12 of Law No. 289 of 27 December 2002 (the “Law 289”) (the “Guarantee Fund”)*

The management of this fund is governed by the internal regulation no. 17 of 28 March 2022 which set out the rules and criteria applied by the Issuer, as manager of the Guarantee Fund, in the management of (i) applications for granting the guarantee, and (ii) guarantees granted pursuant to the Guarantee Fund. In this respect the Regulation identifies the relevant roles and responsibilities and the reporting system.

Pursuant to art. 90, paragraph 16 of Law 289 the financial endowment of the Guarantee Fund is made up of the annual amount acquired from the special fund referred to in article 5 of Law No. 1295 of 24 December 1957, as amended, of the awards reserved for CONI in accordance with Article 6 of Legislative Decree No. 498 of 14 April 1948, affected by forfeiture.

In particular, the Guarantee Fund provides guarantees for loans relating to construction, extension, improvement and purchase of sports facilities and equipment, including the related areas. Eligible entities that can apply for guarantees under the Guarantee Fund are sports clubs and associations and any other public or private entity that also indirectly pursue sports purposes, excluding public territorial entities, on the basis of projects that are financially viable but are not adequately supported in terms of guarantees;

3. *Cultural Fund pursuant to art. 184, paragraph 4 of Legislative Decree 19 May 2020 No. 34 (the “Cultural Fund”)*

The Cultural Fund started to operate at the beginning of 2021. Pursuant to the art. 5 of the interministerial regulation jointly adopted by the Italian Minister of Culture (*Minister della Cultura*) (the “MiBACT”) and the Italian Ministry of Economy and Finance (*Ministero dell’Economia e delle Finanze*) (the “MEF”) No. 546 of 27 November 2020 is divided into a “contribution” and a “guarantees” compartments, each of which with an endowment of Euro 10 million.

Contribution compartment subsidies public or private entities, including cultural and creative enterprises which have the aim of protecting, conservating and safeguarding the cultural, tangible and intangible heritage, through interventions, initiatives and activities related to the latter.

Guarantees granted the Cultural Fund are reserved to public or private entities, including cultural and creative companies - but excluding territorial entities - whose purpose is the protection, preservation, conservation, safeguarding and enhancement of cultural heritage (whether tangible or intangible), through interventions, initiatives and relevant activities.

The “guarantee” compartment is governed by ministerial regulation No. 572 of 9 December 2020 adopted by the MiBACT which sets out the relevant management criteria attached therein. The technical assessment regarding the proposed intervention of the Guarantee Fund is carried out by a special technical committee.

The main core of ICS is to provide fundings to support projects and ideas, allowing the development and spreading of sport while respecting the principles of sustainability, as they can play a key role in the transition to a more sustainable and equitable society. The aim is to respond with awareness to the challenges set by society.

All financial products and services provided by the Issuer are exclusively dedicated to support sport facilities, activities and events as well as cultural infrastructures, heritage and initiatives that directly or indirectly serve a social purpose.

Finance plays a key role in determining the success of the transition of enterprises. The ability of financial institutions to innovate, setting ESG principles as a priority, will fuel the transition to new business and operational models capable of generating positive, social, and environmental impacts in the exercise of an economic activity.

Alongside the exercise of its ordinary activities, and in addition to the purpose of generating profit through the operations conducted as a bank, the Issuer is committed to pursue common-benefit purposes and to operate in a responsible, sustainable, and transparent way towards individuals, community, territory and environment, sports, cultural and social assets and activities, bodies and associations and other stakeholders.

## **ICS loans**

ICS loans, which exclusively relate to sport and culture segments, are granted to public or private customers which are pursuing directly or indirectly purposes in sports, entertainment or development of cultural heritage and cultural activities. In particular, lending can be categorized as follows:

- (a) Low credit-risk customer segments:
  - (i) Municipalities: this includes municipalities, provinces, regions, and other Italian local entities;
  - (ii) Parishes: in addition to parishes, within this category there are religious congregations and other moral entities;
  - (iii) Sport Federations: this category comprises national Italian sports federations;
  - (iv) Universities: Italian universities and their related sports centers;
  - (v) Consumer Household: ICS employees and retirees.
- (b) Standard credit-risk customer segments:
  - (i) Corporates: 99% of corporates are SMEs as defined by EU standard (excluding the SSD which are all included in the “non-profit entities” category);
  - (ii) Non-profit entities: this includes amateur sports association (ASD – *associazioni sportive dilettantistiche*) and amateur sports club (SSD – *società sportive dilettantistiche*).

Since its foundation, ICS has contributed to the growth of the country financing beyond 34,000 sport infrastructures and, mainly in the latest years, has started a significant development related to the financing of cultural heritage and activities.

ICS loans have, typically, a long-term horizon, considering that they finance infrastructure development. Considering the long-term horizon of its loans, ICS funding plan aims to reduce mismatching between asset and liabilities financial duration<sup>4</sup>.

In the recent years, due to the Covid-19 pandemic and considering the objectives of the Strategic Plan (as defined below), liquidity and short-term finance products were added.

ICS loans are granted mainly to public (municipalities) and semi-public (sport federations, universities, parishes) entities. Majority of ICS loans are covered by public guarantees (80% of total net loans) and benefit from interest public contribution (81% of total net loans). A significant portion of the portfolio is represented by loans to non-profit entities (10.3% of the total outstanding loans). Culture segment is equal to 3.4% of ICS total asset, which significantly increased from 2020 where it represented 1.4% of the total portfolio. Over the last six years, credit asset distribution significantly switched toward low credit-risk and high social return segments<sup>5</sup>. From 2016<sup>6</sup> 1,8 billion euro were financed by ICS, 73% of that (1.3 billion euro) benefitting low credit-risk segments, changing the course of the previous ICS’s credit strategy defined in 2011<sup>7</sup>.

Starting from 2020, following the Covid-19 pandemic, ICS has implemented two so-called «liquidity» products, as a countercyclical tool to mitigate the adverse impact of the pandemic on the Italian sport

<sup>4</sup> ICS funding duration is 2.3 years, average funding cost is around 20 bps.

<sup>5</sup> In 2016 low credit risk portfolio accounted for 55,4% of total credit assets. In 2021 figures raised up to 71.3% (including liquidity products).

<sup>6</sup> In 2016 total loans were 274 million euro, 68% granted to low credit risk segments. In 2017 total loans were 259 million euro, 74% granted to low credit risk segments. In 2018 total loans were 280 million euro, 72% granted to low credit risk segments. In 2019 total loans were 299 million euro, 68% granted to low credit risk segments. In 2020 total loans were 323 million euro, 81% granted to low credit risk segments or liquidity products. In 2021 total loans were 342 million euro, 73% granted to low credit risk segments or liquidity products.

<sup>7</sup> In 2011 total loans were 298 million euro, 32% granted to low credit risk segments. In 2012 total loans were 146 million euro, 30% granted to low credit risk segments. In 2013 total loans were 85 million euro, 37% granted to low credit risk segments. In 2014 total loans were 137 million euro, 23% granted to low credit risk segments. In 2015 total loans were 131 million euro, 50% granted to low credit risk segments.

activities (the “**Liquidity Products**”). The Liquidity Products represent 7.5% of the total loan portfolio. Below the general characteristics of the different products:

Liquidity Loan (first and second wave):

- Liquidity Loan (*Mutuo Liquidità*) addressed to national sports federations, associated sports disciplines and sports promotion bodies; the maximum amount that can be financed is Euro 300,000 and, in any case, no more than 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower;
- Light Liquidity Loan (*Mutuo Light Liquidità*) addressed to amateur sports associations and amateur sports companies registered with CONI or the parallel section of the Italian Paralympic Committee and national sports federations, associated sports disciplines and sports promotion bodies. The amount that can be financed shall be between Euro 3,000 and Euro 25,000 for the first phase and between Euro 3,000 and Euro 30,000 for the second phase, in any case within the limit of 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower.

Both Liquidity Products benefit from full interest coverage and are 100 per cent. guaranteed by guarantees (*fideiussione*) issued by the Guarantee Fund pursuant to Article 14, paragraphs 1 and 2 of Law Decree of 8 April 2020, no. 23<sup>8</sup>. The liquidity compartment has an endowment of Euro 30 million representing the overall resources allocated with respect to the Liquidity Products.

Liquidity Loan (third wave):

- (a) Liquidity Loan (30k): addressed to amateur sports associations and amateur sports companies registered with CONI or the parallel section of the Italian Paralympic Committee and national sports federations, associated sports disciplines, and sports promotion bodies. The amount that can be financed shall be between Euro 3,000 and Euro 30,000, in any case within the limit of 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower. This kind of product benefits from full interest coverage and are 90 per cent. guaranteed by guarantees (*fideiussione*) issued by the Guarantee Fund pursuant to Article 14, paragraphs 1 and 2 of Law Decree of 8 April 2020, no. 23;
- (b) Liquidity Loan (300k): addressed to amateur sports associations and amateur sports companies registered with CONI or the parallel section of the Italian Paralympic Committee and national sports federations, associated sports disciplines, and sports promotion bodies. The amount that can be financed shall be between Euro 3,000 and Euro 300,000, in any case within the limit of 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower;
- (c) Liquidity Loan (*Sports Organizations*): addressed to national sports federations, associated sports disciplines, sports promotion bodies, amateur sports companies registered with the parallel section of the Italian Paralympic Committee and the National Leagues that organize team championships of Olympic and Paralympic disciplines. The amount that can be financed shall be between Euro 30,000 and Euro 5,000,000, in any case within the limit of 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower;
- (d) Liquidity Loan (*Professional Clubs*): addressed to Professional sports clubs involved in national team championships in Olympic and Paralympic sports. The amount that can be financed shall be between Euro 30,000 and Euro 5,000,000, in any case within the limit of 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower;

The product (b), (c) and (d) benefit from full interest coverage and are 80 per cent. guaranteed by guarantees (*fideiussione*) issued by the Guarantee Fund pursuant to Article 14, paragraphs 1 and 2 of Law Decree of 8 April 2020, no. 23

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<sup>8</sup> As converted into Law of 5 June 2020 no. 40, and article 10, paragraphs 8 to 13 of Law Decree 25 May 2021, no. 73 as converted into Law of 23 July 2021, no. 106, under the “*Temporary Framework for State aid measures to support the economy in the current COVID-19*”.

- (a) Support Football Loan: the amount that can be financed shall be Euro 500,000 for “Serie A” football teams and Euro 1,000,000 for “Serie B” teams, in any case within the limit of 25 per cent. of the revenues resulting from the last balance sheet or statement of accounts of the relevant borrower;
- (b) Support Volleyball Loan: i) Men’s volleyball: the amount that can be financed shall be Euro 60,000 for A3 series, Euro 150,000 for A2 series and Euro 350,000 for A1 teams; ii) Women’s volleyball: the amount that can be financed shall be Euro 200,000 for A2 series and Euro 300,000 for A1 series.

This loan may alternatively be assisted by two public credit facilities:

1. 80 per cent. Guaranteed by the “Central SME Guarantee Fund” managed by Mediocredito Centrale;
2. full interest coverage and are 80 per cent. guaranteed by guarantees (*fideiussione*) issued by the Guarantee Fund pursuant to Article 14, paragraphs 1 and 2 of Law Decree of 8 April 2020, no. 23.

### ***Strategic Plan 2020-2023***

The Strategic Plan 2020-2023 (the “**Strategic Plan**”), approved by the Board in December 2019 and revised in January 2021 following the pandemic, mandate the Issuer to pursue a full sustainability approach embracing its strategy, risk appetite framework (RAF), loan origination, credit policies and pricing.

The Strategic Plan was drawn by tracing the evolution of ICS towards a new positioning as a "bank for sport and culture" through the offer of products and services dedicated to sport and cultural activities with a focus on socially responsible themes like “health, safety, environment, accessibility and technology” for serving customers and the entire country. The new strategic plan paves the path to a possible future evolution of products and services not limited to sport and culture areas, but also encompassing pillars of sustainable development and social responsibility (environment, circular economy, equal opportunities, education, research) leveraging public/private partnerships and modern financial solutions.

In the second half of 2021, in line with its identity as social bank for the sustainable development of sport and culture, ICS has adopted a Sustainable Development Plan, approved by the Board of Directors in December 2021, developed along 5 strategic guidelines, 12 objectives and 47 actions for the period 2022-2023. The Strategic Plan was built on the basis of a B-Impact assessment carried out on ICS’s ESG management and performance.

Consistent with its activities, ICS’s commitment to sustainability comes from the very nature of its mission and business. Given the public interest of its mission and its long-term view, social responsibility and sustainability are at the core of ICS’s business model, underpinned by a dedicated Sustainability Department that promotes and ensures the development and implementation of ICS sustainability strategy both with internal and external actors.

## **ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

### ***Board of Directors***

The Issuer is managed by a board of directors (the “**Board of Directors**”) which, according to its articles of association, consists of 5 members: the Chairperson and four directors (the “**Directors**”).

The Chairperson is appointed by decree by the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*), or the Government Authority with responsibility for sports (if any), in consultation with MiBACT and MEF.

Moreover, according to the Issuer’s Articles of association, the Directors are designated as follows:

- (a) one Director is designated by Cassa depositi e prestiti S.p.A., further to consultation with the MEF;
- (b) one Director is designated by the National Council of the Italian National Olympic Committee (*Comitato Olimpico Nazionale Italiano*) (“**CONI**”);

- (c) two Directors are designated by all the Participants (as defined below). The designation will be made by written consultation among the Participants on initiative of the Participant holding the highest Contribution (as defined below). The two persons that, as a result of such consultation, will have received the highest approval of the Participants – to be calculated *pro quota* on the basis of their Contribution – will be designated as directors, **provided that** they have had, in any case, the approval of the Participant holding in aggregate at least half of the Capital (as defined below).

The Directors so designated are then appointed by decree of the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*), or the Government Authority with responsibility for sports (if any), in consultation with the MEF.

At least one of the two Designated Directors designated according to the procedure under item (c) above shall meet the requirements of independence determined pursuant to article 26 of the Italian Banking Act, and the Articles of Association; accordingly, such director shall not have or have had, directly or indirectly, any relationship with the designating persons or persons related to them such as to impair their independence of judgment.

The Board of Directors is vested with all the powers for ordinary and extraordinary administration and may carry out all necessary and appropriate actions within the scope of the Issuer's corporate objects, except for those actions which, by law or according to the Issuer's Articles of Association, can only be approved by the Special Funds Management Committee (*Comitato di Gestione dei Fondi Speciali*) of ICS which is in charge of the administration of public funds.

The following table shows the names, positions and main activities outside the Issuer of the members of the Board of Directors as at the date of this Offering Circular. Such members have been appointed starting from 31 January 2018, for 4 annual financial statements, and they have been confirmed until 31 December 2022.

<u>Name</u>	<u>Position</u>	<u>Principal activities outside the Issuer</u>
<b>Andrea Abodi<sup>9</sup></b>	Chairman	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Istituto della Enciclopedia Italiana fondata da Giovanni Treccani S.p.A.;</li> <li>- Member of the Board of Directors of Associazione Bancaria Italiana</li> <li>- Vice-president Foundation Giovanni Paolo II per lo sport;</li> <li>- Vice-president Foundation Fondazione Giulio Onesti.</li> </ul>
<b>Pierfrancesco Barletta</b>	Independent Director	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Leonardo S.p.A.;</li> <li>- Member of the Board of Directors of Principi di Piemonte S.p.A.;</li> <li>- Member of the Board of Directors of Società per azioni Esercizi Aeroportuali S.E.A.</li> </ul>
<b>Antonella Baldino</b>	Director	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Ansaldo Energia S.p.A.;</li> <li>- Member of the Board of Directors of Terna S.p.A.;</li> <li>- Member of the Board of Directors of Fintecna S.p.A.;</li> <li>- Member of the Board of Directors of Marguerite Fund</li> </ul>

<sup>9</sup> On 22 October Mr Andrea Abodi has been appointed as Minister for Sports and Youth Politics of the Italian government and, as a consequence of such appointment, has resigned from its role as Chairman in light of such appointment. The new Chairman will be appointed in accordance with the procedure set out in article 12 of the By-laws (as described above) and Ms. Antonella Baldino will act as deputy chairman until the appointment of the new Chairman.

<b>Elisa Grande</b>	Director	-
<b>Paolo Vaccari</b>	Director	-

The business address of each of the members of the Board of Directors is the Issuer's registered office.

#### **BOARD OF STATUTORY AUDITORS**

Pursuant to the Articles of Association, the Issuer's board of statutory auditors (*collegio sindacale*) (the "**Board of Statutory Auditors**") is appointed by decree by the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*), or the Government Authority with responsibility for sports (if any), in consultation with the MEF. The Board of Statutory Auditors is composed of 3 members (each a "**Statutory Auditor**") that, according to the Articles of Association, are appointed after having been designated as follows:

- (a) one Statutory Auditor is designated by the MEF;
- (b) one Statutory Auditor is designated by the Unified Conference, representing the regions and the local authorities (Conferenza Unificata, in rappresentanza delle Regioni e degli Enti locali);
- (c) one Statutory Auditor is designated by all the Participants (as defined below). The designation shall be made by way of written consultation among the Participants on initiative of the Participant holding the highest Contribution (as defined below). The person who, as a result of such consultation, will have received the highest approval of the Participants – to be calculated on the basis of their Contribution – will be designated as statutory auditor, **provided that** such person received the approval of the Participant holding in aggregate at least half of the Capital.

The Board of Statutory Auditors is chaired by the Statutory Auditor designated by the MEF.

The Statutory Auditors hold their office for four financial years; the current Statutory Auditors have been appointed starting from 31 January 2018 and will hold their office until 31 December 2022.

The Board of Statutory Auditors performs the functions of the supervisory body, established pursuant to Legislative Decree No. 231 of 8 June 2001, concerning the administrative liability of entities, which supervises the functioning and compliance with the organisational and management model adopted by the Issuer for the purposes of such legislative decree.

The table below sets out the names, positions and main activities outside the Issuer of the Statutory Auditors as at the date of this Offering Circular.

<u>Name</u>	<u>Position</u>	<u>Principal activities outside the Issuer</u>
<b>Silvio Salini</b>	Chairperson of the Board of Statutory Auditor <sup>10</sup>	<ul style="list-style-type: none"> <li>- Chairperson of the Board of Statutory Auditors of Sace S.p.A.;</li> <li>- Statutory Auditor of Dynamin Holding S.p.A.;</li> <li>- Statutory Auditor of Enel Italia S.p.A.;</li> <li>- Statutory Auditor of Azienda territoriale per l'edilizia territoriale pubblica della provincia di Rieti (ATER);</li> <li>- Chairman Corneliani S.p.A.</li> </ul>

<sup>10</sup> Following the demise of Mr. Benito Di Troia, Chairman of the Board of Statutory Auditors appointed in accordance with the procedures established in the By-Laws, Mr. Silvio Salini, as eldest member of the Board of Statutory Auditors, has become Chairperson ad interim of the Board of Statutory Auditors. Mr. Silvio Salini will maintain such position until the complete composition of the body will be restored in accordance with the procedures established in the By-Laws.

<b>Samantha Gardin</b>	Standing Auditor	Statutory	- Statutory Auditor of Aeroporto Guglielmo Marconi di Bologna S.p.A.
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The business address of each Statutory Auditor is the Issuer's registered office.

### **SPECIAL FUNDS MANAGEMENT COMMITTEE**

The Special Funds Management Committee (*Comitato di Gestione dei Fondi Speciali*) is a corporate body of the Issuer whose main purpose and activity, according to the Articles of Association, are the management of the Special Funds.

The Special Funds Management Committee is composed of three members appointed by decree of the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*) or the Government Authority with responsibility for sports (if any), in each case in consultation with the MEF. One of the members is the President of the Board of Directors and the other two members are designated, respectively, by the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*) or the Government Authority with responsibility for sports (if any), and by the MEF.

The current members of the Special Funds Management Committee are: Mr. Andrea Abodi (as President of the Board of Directors),<sup>11</sup> Mr. Alessandro Tonetti and Ms. Simona Nuti.

### **MANAGEMENT**

The General Manager (*Direttore Generale*) of ICS is Lodovico Mazzolin.

### **CONFLICTS OF INTEREST**

So far as the Issuer is aware, there are no potential conflicts of interest between any duties of the members of the Board of Directors and of the Board of Statutory Auditors and their private interests.

### **INDEPENDENT AUDITORS**

The Issuer's independent auditor is PricewaterhouseCoopers Spa, who was appointed to that role at the Issuer's Board of Directors' meeting held on 29 November 2019 for the financial years from 2020 to 2028. The head office of PricewaterhouseCoopers Spa is at Milan in Piazza Tre Torri, 2, and it is registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economics and Finance effective from 7 June 2004 under registration number 119644.

### **MAJOR QUOTAHOLDERS**

The Issuer's share capital is denominated as "Capital" or "Endowment Fund" (*Fondo di Dotazione*) (the "Capital").

Pursuant to the Articles of Association, the following funds have been conferred to the Capital: (i) the "Endowment Fund", pursuant to the ICS Establishment Law, (ii) the "Guarantee Fund" (*Fondo di Garanzia*), pursuant to the ICS Establishment Law, which has been conferred by CONI, (iii) the "Patrimonial Fund" (*Fondo Patrimoniale*), pursuant to Law 18 February 1983 No. 50, which has been conferred by the Italian Government, and (iv) the reserves of ICS as of 31 December 2011.

As of 31 December 2021, the Capital is equal to Euro 835,528,692.00, and it is divided into shares with a unit value of Euro 1.00.

According to the Articles of Association, the Capital may be increased by way of contributions having a minimum amount of Euro 1,000,000.00. New contributions or transfers of Issuer's quotas (with the exception of infra-group transfers) (the "Capital Transactions") shall be made only with the prior approval of the Board of Director which shall also determine the conditions of any such Capital Transaction. The

<sup>11</sup> On 22 October Mr Andrea Abodi has been appointed as Minister for Sports and Youth Politics of the Italian government and, as a consequence of such appointment, has resigned from its role as Chairman in light of such appointment. The new Chairman will be appointed in accordance with the procedure set out in article 12 of the By-laws (as described above) and Ms. Antonella Baldino will act as deputy chairman until the appointment of the new Chairman.

decisions of the Board of Directors relating to any Capital Transaction are subject to the subsequent approval of the President of the Council of Ministers (*Presidenza del Consiglio dei Ministri*) or the Government Authority with responsibility for sports (if any), in consultation with the MEF.

As of 31 December 2021, the quotaholders of the Issuer's Capital (the "**Participants**") and their relevant quotaholding (the "**Contribution**") is as follows:

<b>Participant</b>	<b>Participation (in percentage)</b>
Ministero dell'Economia e delle Finanze	80.438%
Sport e Salute S.p.A.	6.702%
Dexia Credit Local S.A.	3.110%
Cassa depositi e prestiti S.p.A.	2.214%
Banca Nazionale del Lavoro S.p.A.	1.724%
Banca Monte dei Paschi di Siena S.p.A.	1.480%
Assicurazioni Generali S.p.A.	1.336%
Intesa San Paolo S.p.A.	1.264%
Unicredit S.p.A.	1.264%
Banco di Sardegna S.p.A.	0.468%
<b>Total:</b>	<b>100.00%</b>

## FINANCIAL INFORMATION

The annual financial statements of the Issuer as at and for the years ended 31 December 2021 and 2020 were prepared in accordance with IFRS as adopted by the European Union and have been audited by the Issuer's independent auditors PricewaterhouseCoopers S.p.A. Such audited financial information are incorporated by reference to this Offering Circular. See "*Documents Incorporated by Reference*".

The following tables provide summaries of the Issuer's balance sheet and income statement information of the Issuer as at the and for the years ended 31 December 2020 and 31 December 2021, as included in the Issuer's Financial Statements.

## INCOME STATEMENT - SUMMARY

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
Net interest income	53,965,839	51,317,768
Net fee and commission	1,127,772	581,224
<b>Net banking income</b>	<b>72,258,063</b>	<b>74,990,853</b>
Net value adjustments for credit risk	(8,978,626)	(27,830,169)
<b>Net gains/(losses) on financial operations</b>	<b>63,269,355</b>	<b>47,100,819</b>
Operating expenses	(41,457,014)	(31,012,609)



<b>Profit (Loss) from continuing operations before tax</b>	<b>21,820,907</b>	<b>16,088,210</b>
Income taxes for the period on continuing operations	(6,951,649)	(5,226,647)
<b>Profit (Loss) for the year</b>	<b>14,869,258</b>	<b>10,861,563</b>

***Balance Sheet - summary***

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	179,780,091	169,628,838
Financial assets measured at fair value through other comprehensive income	759,574,489	924,176,726
Financial assets measured at amortised cost	2,366,271,370	1,963,689,193
Tax assets	34,221,500	39,422,099
<b>Total Assets</b>	<b>3,372,805,828</b>	<b>3,129,852,979</b>
	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
<b>Liabilities</b>		
Financial liabilities measured at amortised cost	2,261,065,392	2,075,963,371
a) due to banks	1,769,139,989	1,504,229,658
b) due to customers	491,925,403	571,733,713
Provisions for risks and charges	10,728,470	6,104,865
Equity	918,527,930	920,159,077
<b>Total Liabilities and shareholder's equity</b>	<b>3,372,805,828</b>	<b>3,129,852,979</b>

It should be noted that the figures as at 31 December 2020 relating to the items “Cash and cash equivalents” and “Financial assets measured at amortised cost: a) receivables from banks” have been restated in the 2021 Financial Statements, from those published in the 2020 Financial Statements in line with the guidance of the 7th update of Bank of Italy Circular no. 262.

***Key indicators***

The table below sets out certain key profitability, regulatory and risk indicators as at the end for the years ended 31 December 2020 and 31 December 2021, as included in the Issuer's Financial Statements and Pillar III public disclosure.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
<b>Profitability Indicators</b>		

R.O.E. star*		1.6%	1.2%
Net Income/Average RWA		1.4%	1.1%
Cost/Income		57.4%	41.3%
Cost/Income normalized		75.2%	59.8%
Return on SREP		9.9%	8.4%
<b>Capital ratio</b>			
CET1/Risk weighted assets		79.45%	87.31%
Tier1/Risk weighted assets		79.45%	87.31%
Total Capital/Risk weighted assets		79.45%	87.31%
Leverage Ratio – using a fully phased-in definition of Tier 1 capital <sup>12</sup>		28.15%	25.54%
<b>Liquidity Indicators</b>			
LCR (yearly average)		889%	2452%
HQLA (yearly average)		129,503,984€	254,374,591€
<b>Risks Indicators</b>			
Gross non-performing loans growth rate		1.1%	(5.5%)
Texas Ratio		9.9%	10.3%
Gross NPE Ratio		9.7%	10.3%
Net NPE Ratio		4.5%	4.9%
* “excluding” the valuation reserve			

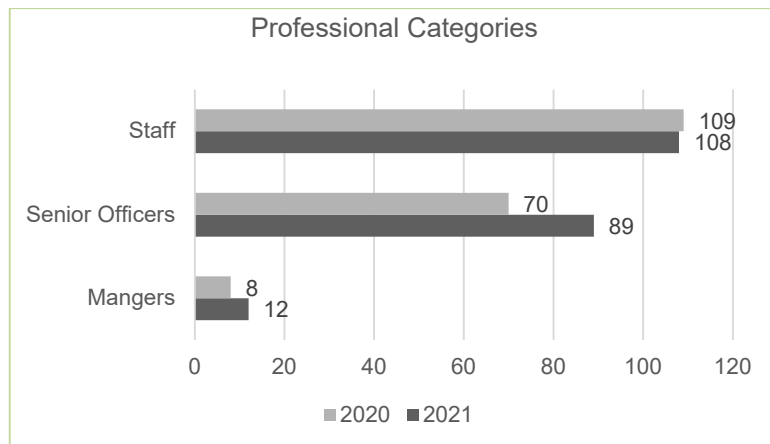
## EMPLOYEES

As at 31 December 2021, the Issuer had 209 employees, 20 more than in the previous year. During 2021, 20 staff members left ICS (due to retirement or other reasons) and 40 new staff members were hired. The staffing increase meets the needs outlined in the new Business Plan and will continue during 2022 and 2023 until the target of 226 employees is reached, as envisaged in the new organizational model (for further details with reference to the organizational model, please refer to the paragraph “*Organizational model*” below).

<sup>12</sup> SREP Leverage ratio requirement: 3%

As at 31 December 2021, the Issuer had 209 employees (compared with 173 as at 31 December 2019 and 187 as at 31 December 2020) of which 12 (8 as at 31 December 2020) are managers, 89 (70 as at 31 December 2020) are senior officer and 108 (109 as at 31 December 2020) are operators belonging to various professional categories.

The following chart sets out the evolution of Issuer’s professional categories:

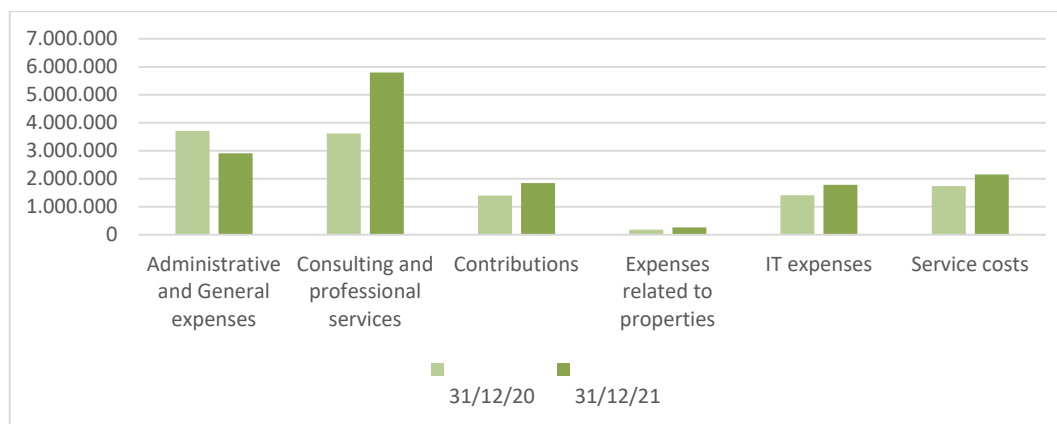


### ADMINISTRATIVE COSTS

As at 31 December 2021 costs relating to the employees amounted to Euro 22.9 million compared to Euro 17.6 million as at December 2020: this variation is substantially due to the increase of the employees during the course of 2021. As at 31 December 2021 other administrative expenses amounted to Euro 14.7 million compared to Euro 12.0 million as at December 2020: the variation is mainly due to the increase of cost for consulting and professional services.

As at 31 December 2021, the breakdown of the expenses relating to administrative costs is set out as follows: (i) administrative and general expenses equal to Euro 2,909,185.33 (equal to Euro 3,708,852.66 as of 31 December 2020); (ii) cost of consulting and professional services equal to Euro 5,794,111.72 (equal to Euro 3,614,422.99 as of 31 December 2020); (iii) cost of contributions equal to Euro 1,844,887.41 (equal to Euro 1,396,374.85 as of 31 December 2020); (iv) expenses related to properties equal to Euro 259,401.34 (equal to Euro 180,634.38 as of 31 December 2020); (v) IT expenses equal to Euro 1,778,548.46 (equal to Euro 1,408,264.58 as of 31 December 2020); and (vi) service costs equal to Euro 2,152,190.24 (equal to Euro 1,736,925.09 as of 31 December 2020).

The following chart sets out the values of each category in comparison between the financial years 2020 and 2021:

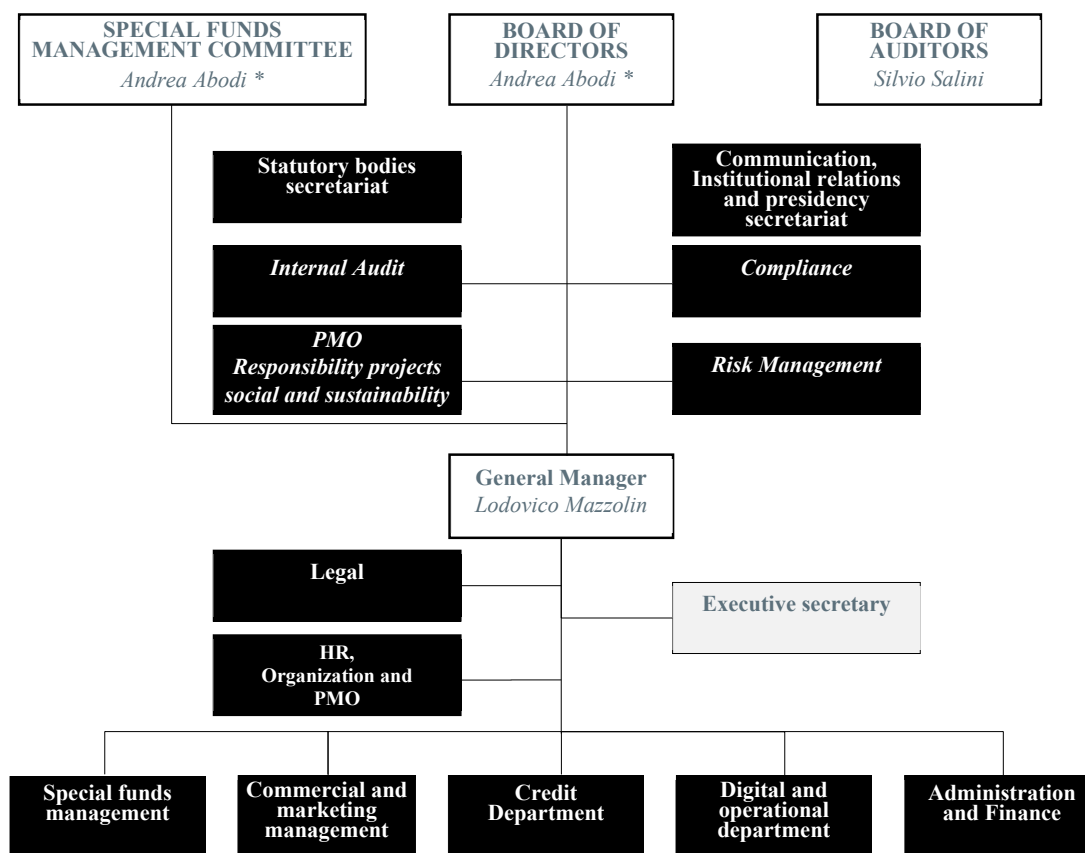


## ORGANISATIONAL MODEL

The ICS organizational model is developed with a focus on streamlining processes and specializing activities, with the aim of improving the internal governance system both in terms of both efficiency and effectiveness.

Bodies of ICS are:

- the President, who have the legal representation of the Issuer and the function of driving and coordinating the activities of collegial bodies;
- the Board of Directors, which determines the general organizational structure and management guidelines, defining the strategic lines and industrial plans;
- the Special Funds Management Committee, which establishes criteria and management methods of the Special Fund and the Guarantee Fund;
- the Board of Statutory Auditors, which monitors compliance with the law, the By-laws and the principles of proper administration and, in particular, the adequacy of the organizational, administrative and accounting structure;
- the General Manager, who supervises company management, pursues management objectives and directs corporate function.
- The organizational structure of ICS is made up of 6 structures directly reporting to the Board of Directors and 8 structures reporting to the General Manager, as indicated below:



\* On 22 October Mr Andrea Abodi has been appointed as Minister for Sports and Youth Politics of the Italian government and, as a consequence of such appointment, has resigned from its role as Chairman in light of such appointment. The new Chairman will be appointed in accordance with the procedure set out in article 12 of the By-laws (as described above) and Ms. Antonella Baldino will act as deputy chairman until the appointment of the new Chairman.

## RATING

As at the date of this Offering Circular, the Issuer's long-term credit rating by DBRS is "BBB with a stable outlook" and by S&P is "BBB- with a stable outlook".

A long-term, unsecured, unsubordinated and unguaranteed debt securities rating of: (i) 'BBB' by DBRS indicates adequate credit quality, that the capacity for the payment of financial obligations is considered acceptable and that may be vulnerable to future events<sup>13</sup>; (ii) 'BBB-' by S&P indicates adequate capacity to meet financial commitments, but more subject to adverse economic conditions<sup>14</sup>.

Each of the abovementioned rating agencies is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and appears on the latest update of the list of registered credit rating agencies on the ESMA website: <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

## MATERIAL CONTRACTS

There are no material contracts that are not entered in the ordinary course of business which could result in ICS being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes.

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<sup>13</sup> A full description of the Long-Term Obligations rating scale adopted by DBRS can be found at the following address: [236754.pdf \(dbrsmorningstar.com\)](https://www.dbrsmorningstar.com/236754.pdf).

<sup>14</sup> A full description of the rating scale adopted by S&P can be found at the following address <https://www.spglobal.com/ratings/en/about/intro-to-credit-ratings> under paragraph "Our Rating Scale".

## TAXATION

### ITALIAN TAXATION

*The following is a general description of certain Italian tax considerations and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, hold or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*This section is based upon Italian tax laws and practice in effect as at the date of this Offering Circular, which may be subject to change, potentially with retroactive effect. For Noteholders who are not resident in Italy for tax purposes, applicable tax treaties may reduce or nullify the tax rates set out below.*

*Prospective Noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction, of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any State, regional or local tax laws. This section will not be updated to reflect changes in laws and if such a change occurs the information in this section could become invalid.*

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

##### ***Tax Treatment of the Notes***

Italian Legislative Decree no. 239 of 1 April, 1996, as amended and supplemented (“**Decree No. 239**”), regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as “**Interest**”) deriving from notes falling within the category of bonds (“*obbligazioni*”) and securities similar to bonds (pursuant to article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (“**Decree No. 917**”)) issued, *inter alia*, by Italian resident banks.

For these purposes, securities similar to bonds (“*titoli similari alle obbligazioni*”) are defined as securities that: (i) incorporate an unconditional obligation of the issuer to pay, at maturity, an amount not lower than their nominal value, with or without the payment of periodic interest; and that (ii) do not give any right to directly or indirectly participate in the management of the issuer or of the business in connection to which the securities were issued, nor any type of control on the management.

##### ***Taxation of interest***

###### *Italian Resident Noteholders*

Pursuant to Decree No. 239, payments of Interest relating to Notes are subject to the *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) if the Noteholder is:

- (i) an individual resident in the Republic of Italy for tax purposes, holding the Notes otherwise than in connection with entrepreneurial activities; or
- (ii) an Italian resident partnership (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), or a de facto partnership not carrying out commercial activities and professional associations; or
- (iii) an Italian resident public and private entities other than companies, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (iv) an Italian resident entities exempt from Italian corporate income tax.

All the above categories are usually referred as “net recipients” unless the Noteholders referred to under (i), (ii) and (iii) above have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called “*regime del risparmio gestito*” (the *Risparmio*

*Gestito* regime) according to article 7 of Italian Legislative Decree No. 461 of 21 November 1997 as amended (“**Decree No. 461**”).

In the event that the Italian resident Noteholders mentioned above hold the Notes in connection with an entrepreneurial activity (*attività d’impresa*), the *imposta sostitutiva* applies as a provisional 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.

Interest accrued on the Notes must be included in the relevant Noteholder’s annual corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholders, also in the net value of production for purposes of regional tax on productive activities (“**IRAP**”)) if the Noteholder is an Italian resident corporation or permanent establishment in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1, paragraphs 100-114 of Law No. 232 of 11 December 2016 (as further amended and applicable from time to time, “**Law No. 232**”), in Article 1, paragraphs 210-215 of Law No. 145 of 30 December 2018 as implemented by Ministerial Decree of 30 April 2019 (as further amended and applicable from time to time, “**Law No. 145**”) and, for the long-term individual savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, in article 13-bis of Law Decree No. 124 of 26 October 2019 (as further amended and applicable from time to time, “**Law Decree No. 124**”). Pursuant to Article 1, paragraphs 219-225-bis of Law no. 178 of 30 December 2020 (“**Law No. 178**”), it is further **provided that** Italian resident individuals investing in long-term individual savings account established from 1 January 2021 and compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, **provided that** certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Pursuant to Decree No. 239, the *imposta sostitutiva* is levied by banks, *società di intermediazione mobiliare* (“**SIM**”), fiduciary companies, *società di gestione del risparmio* (“**SGR**”) stockbrokers and other entities identified by the Ministry of Finance (each, an “**Intermediary**”). An Intermediary must (a) (i) be resident in Italy, (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) be an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239, and (b) participate, in any way, in the collection of Interest or in the transfer 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 are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder, or, in its absence, by the Issuer.

Payments of Interest in respect of Notes will not be subject to the *imposta sostitutiva* if made to beneficial owners who are:

- (i) Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected;
- (ii) Italian resident partnerships carrying out commercial activities (“*società in nome collettivo*” or “*società in accomandita semplice*”);
- (iii) Italian resident investors holding Notes otherwise than in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes to an authorised

financial intermediary and have opted for the *Risparmio Gestito* regime. The Italian resident investors who have opted for the *Risparmio Gestito* regime are subject to an annual substitutive tax of 26 per cent. (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied by authorised Intermediaries;

- (iv) Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 (“**Decree No. 252**”). Italian resident pension funds subject to the regime provided by article 17, of Decree No. 252 are subject to an annual substitutive tax of 20 per cent. (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which would include Interest accrued on the Notes, if any). Subject to certain conditions, Interest in respect of the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Law No. 232 if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 – 114, of Law No. 232, in Article 1, paragraphs 210 - 215 of Law No. 145 and, for the long-term individual savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, in Article 13-*bis* of Law Decree No. 124, as applicable from time to time;
- (v) Italian open ended or closed ended investment funds, investment companies with fixed capital (“**SICAFs**”) or investment companies with variable capital (“**SICAVs**”) established in Italy (together, the “**Funds**”) when either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority and the relevant Notes are held by an authorised intermediary. In such case, Interest accrued during the holding period on the Notes 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 results, but a withholding tax of 26 per cent. may apply on income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares;
- (vi) Italian resident real estate investment funds (complying with the definition as amended pursuant to Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010) established after 26 September 2001 pursuant to article 37 of Legislative Decree No. 58 and Article 14-*bis* of Law No. 86 of 25 January 1994, or in any case subject to the tax treatment provided for by Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001 (“**Decree No. 351**”) and Italian resident real estate SICAFs to which the provisions of article 9 of Legislative Decree No. 44 of 4 March 2014 apply (hereinafter the “**Real Estate Investment Funds**”). In such case, Interest accrued on the Notes will not be subject to *imposta sostitutiva*, nor to any other income tax in the hands of the Real Estate Investment Funds. The income of the Real Estate Investment Funds may be subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Such categories are qualified as “gross recipients”. To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer. Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

#### *Non-Italian Resident Noteholders*

Where the Noteholder is a non-Italian resident (with no permanent establishment in the Republic of Italy to which the Notes are effectively connected), an exemption from the *imposta sostitutiva* applies **provided that** the non-Italian resident beneficial owner is resident, for tax purposes, in a State or territory included in the list of States or territories allowing an adequate exchange of information with the Italian tax authorities and listed in the Decree of the Minister of Finance dated 4 September 1996, as amended and supplemented from time to time (the “**White List**”). According to article 11(4)(c) of Decree 239 the White



List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the above mentioned Decree dated 4 September 1996, as amended from time to time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Notes made to:

- (a) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (b) an “institutional investor”, whether or not subject to tax, which is established in a country included in the White List; or
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of *imposta sostitutiva*, non-Italian resident beneficial owners must (a) deposit, directly or indirectly, the Notes with a bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) timely file with the relevant depository (which may be a non-Italian resident entity participating in a centralised securities management system connected via telematic link with the Italian Ministry of Economy and Finance) a self-declaration (*autocertificazione*) stating their residence, for tax purposes, in a State listed in the White List. Such self-declaration – which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented) – is valid until withdrawn or revoked and may not be filed in the event that a certificate, declaration or other similar document with an equivalent purpose has previously been filed with the same depository. The self-declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

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

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

### ***Fungible issues***

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

### ***Taxation of Capital Gains***

#### ***Italian resident Noteholders***

Any capital gain realised upon the sale for consideration, transfer or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases depending on the status of Noteholder, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

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

- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity.

Where an Italian resident Noteholder is an (i) individual holding the Notes otherwise than in connection with entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 26 per cent..

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax return regime (the “*Regime della Dichiarazione*”), which is the standard regime for taxation of capital gains realised by Italian Noteholders under (i) to (iii) above, substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realised by Italian resident individual Noteholders holding Notes otherwise than in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report total capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return to be filed with the Italian tax authorities for such year and pay substitute tax 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 of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax return regime depicted above, Italian Noteholders under (i) to (iii) above, may elect to pay 26 per cent. substitute tax separately on capital gains realised on each sale, transfer 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; and (ii) an election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The financial intermediary is responsible for accounting for substitute tax in respect of capital gains realised on each sale, transfer or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant 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 proceeds to be credited to the Noteholder. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare capital gains in its annual tax return and remains anonymous. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

Any capital gains on Notes held by Noteholders under (i) to (iii) above, who have elected for the *Risparmio Gestito* 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 the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the *Risparmio Gestito* regime, any depreciation of the managed assets, accrued at year end, may be carried forward against any increase in value of the managed assets accrued in any of the four subsequent years. Under the *Risparmio Gestito* regime, the Noteholder is not required to report capital gains realised in its annual tax return and remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realised upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 – 114, of Law No. 232, in Article 1, paragraphs 210 - 215 of Law No. 145 and, for the long-term individual savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, in Article 13-bis of Law Decree No. 124, as applicable from time to time. Pursuant to Article 1, paragraphs 219-225-bis of Law No. 178, it is further **provided that** Italian resident individuals investing in long-term individual savings account established from 1 January 2021 and compliant with Article 13-bis, paragraph 2-bis of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, **provided that** certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Any capital gains on Notes held by Noteholders who are Italian resident pension funds subject to the regime provided by article 17 of Decree No. 252, will be included in the computation of the taxable basis of Pension Fund Tax. Subject to certain conditions, capital gains realised in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax pursuant to Article 1, paragraph 92, of Law No. 232 if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 – 114, of Law No. 232 and in Article 1, paragraphs 210 - 215 of Law No. 145 and, for the long-term individual savings account (*piano individuale di risparmio a lungo termine*) established from 1 January 2020, in Article 13-bis of Law Decree No. 124, as applicable from time to time.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. The Fund will not be subject to taxation on such result but a withholding tax of 26 per cent. may apply on income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds.

The 26 per cent. substitute tax on capital gains may, in certain circumstances, be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

#### *Non-Italian resident Noteholders*

Capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of Notes are exempt from taxation in Italy to the extent that the Notes are traded on a regulated market in Italy or abroad and in certain cases subject to prompt filing of required documentation (in particular, a self-declaration of non-residence in Italy for tax purposes) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with whom the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not transferred on regulated markets are not subject to the *imposta sostitutiva*, **provided that** the effective beneficiary: (a) is resident in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor, not subject to tax, established in a country included in the White List. In order to benefit of the exemption from *imposta sostitutiva* as for the above, all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended have to be met. In this case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Gestito* regime or are subject to the *Risparmio Amministrato* regime, exemption from Italian taxation on capital gains will apply upon condition that they file in due time with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirement reported above.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets, and held in Italy, are subject to the *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 taxation treaty with the Republic of Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Notes. In this case, exemption from Italian taxation on capital gains will apply upon condition that they file in due time with the authorised financial intermediary appropriate documentation attesting that the requirements for the application of the relevant double taxation treaty are met.

The *Risparmio Amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration at Italian banks, SIMs

and other eligible entities, but non-resident Noteholders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

### ***Inheritance and gift tax***

Pursuant to Law Decree No. 262 of 3 October, 2006, converted into Law No. 286 of 24 November, 2006 as amended by Law No. 296 of 27 December 2006, the transfers of any valuable asset (such as the Notes) by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1,000,000.00 (per beneficiary);
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift;
- (c) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding Euro 100,000.00 (per beneficiary); and
- (d) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b), (c) and (d) on the value exceeding, for each beneficiary, Euro 1,500,000.

### ***Transfer tax***

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200; (ii) private deeds (*scritture private non autenticate*) are subject to registration tax at rate of €200 only in case of use or voluntary registration or occurrence of the so-called *enunciazione*.

### ***Stamp duty on financial instruments***

Pursuant to Article 13 paragraph 2-ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any Notes which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable *pro rata*.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Wealth tax on financial assets deposited abroad***

According to article 19(18-23) of Law Decree No. 201 of 6 December 2011, Italian resident individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with article 5 of Decree No. 917) resident in Italy holding financial assets – including the Notes – outside of the Italian territory are required to pay in its own annual tax declaration a wealth tax at the rate of 0.2 per cent (“IVAFE”). For taxpayers other than individuals, this wealth tax cannot exceed Euro 14,000 per year with effect from fiscal year 2020.

This tax is calculated on the market value at the end of the relevant year (or at the end of the holding period) or – if no market value figure is available – on the nominal value or redemption value, or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held outside of the Italian territory. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The Italian tax authority clarified (Circular No. 28/E of 2 July 2012) that financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries and the items of income derived from the Notes have been subject to tax by the same intermediaries.

### ***Tax monitoring obligations***

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended from time to time, Italian resident individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad or are the beneficial owners, under the Italian money-laundering law, provided by Italian Legislative Decree No. 231 of 21 November 2007, of investments abroad or foreign financial assets must, in certain circumstances, disclose the aforesaid to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

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

### ***The proposed financial transactions tax (“FTT”)***

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

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

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

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

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

### ***United States Foreign Account Tax Compliance Act (“FATCA”)***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” 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 does not expect to be treated as a foreign financial institution for these purposes. A number of jurisdictions (including Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it

makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register and Notes 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. However, if additional notes (as described under “*Terms and Conditions of the Notes—Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

**FATCA** is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to payments they may receive in connection with the Notes.

## SUBSCRIPTION AND SALE

Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A. and J.P. Morgan SE (the “**Joint Lead Managers**”) has, in a subscription agreement dated 27 October 2022 (the “**Subscription Agreement**”), agreed to subscribe for the Notes at their issue price of 99.859 per cent. of their principal amount, less commissions, on the terms and subject to the conditions set out in the Subscription Agreement. In the Subscription Agreement, the Issuer has agreed to reimburse the Joint Lead Managers for certain of its expenses in connection with the issue of Notes and to indemnify the Joint Lead Managers against certain liabilities incurred by them in connection therewith. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority 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 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 Treasury regulations thereunder.

Each of the Joint Lead Managers has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of the Notes, within the United States or to, or for the account or benefit of, U.S. persons. Each of the Joint Lead Managers has 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 forth 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.

Until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the 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 Retail Investors

Each of the Joint Lead Managers has 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.

For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of EU MiFID II;
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### **Prohibition of Sales to UK Retail Investors**

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular to any retail investor in the United Kingdom.

For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

### **United Kingdom**

Each of the Joint Lead Managers has represented and agreed that:

- (a) **financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act (“**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) **general compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Notes has not been registered CONSOB pursuant to Italian securities legislation and, accordingly, each of the Joint Lead Managers has represented and agreed that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Each of the Joint Lead Managers has represented and agreed that, save as set out below, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except to qualified investors (*investitori qualificati*), as defined in the Prospectus Regulation; or in other circumstances which are exempted from the rules on public offerings pursuant to the Prospectus Regulation, Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) (“**Regulation No. 11971**”).

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy must be:

- (a) 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 and Legislative Decree No. 385 of 1 September 1993 (the “**Italian Banking Act**”) (in each case as amended from time to time);
- (b) in compliance with article 129 of the Italian Banking Act, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy, issued on 25 August 2015 (as amended on 10 August 2016 and on 2 November 2020), and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or any other Italian authority.



## France

Each of Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Circular or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in the Republic of France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the “FIEA”). Accordingly, each of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

## Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has 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 Offering Circular 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 Securities and Futures Act 2001, as modified or amended from time to time (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 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:

- (1) 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)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**General**

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

Each of the Joint Lead Managers has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any related offering material, in all cases at its own expense; 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. Other persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any related offering material, in all cases at their own expense.

## GENERAL INFORMATION

### Name and Legal Form of the Issuer

The Issuer is incorporated as a public bank (*banca pubblica*) in the Republic of Italy, is registered with number 00644160582 in the companies' register of Rome and operates in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended) (the “**Italian Banking Act**”). Its telephone number is +39.06324981.

### Corporate Purpose

The purpose of the Issuer, pursuant to article 2 of the By-laws, is the performance of banking activity in the field of sports and cultural activities.

### Share Capital of the Issuer

Pursuant to article 3 of the By-laws, the subscribed and paid-up share capital of the Issuer is Euro €835,528,692.00 and is represented by €835,528,692.00 ordinary shares with a nominal value of €1.00.

### Authorisation

The issuance of the Notes has been authorised by resolutions of the board of directors of the Issuer dated 6 July 2022.

### Legal Entity Identifier

The Legal Entity Identifier (LEI) of ICS is 815600ACC18A758ADE66.

### Listing of the Notes

The Notes will be admitted to listing on the GEM of Euronext Dublin.

### Documents Available

Copies of the following documents in electronic format (together with English translations thereof (if any)) may be inspected for as long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the GEM during normal business hours for at the offices of the Paying Agent at 1 North Wall Quay, Dublin 1, Ireland or via electronic means at the Paying Agent's discretion:

- (a) the by-laws (with an English translation thereof) of the Issuer;
- (b) the most recently published audited annual financial statements of the Issuer (notably, 2021 and 2020 annual financial statements) in each case together with the audit report prepared in connection therewith. The Issuer currently intends to prepare audited accounts on an annual basis;
- (c) the Agency Agreement;
- (d) this Offering Circular and any information incorporated by reference herein.

The documents listed in (a) to (c) above are also available on the website of ICS (<https://www.creditosportivo.it/>).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Notes bear the ISIN XS2541422395 and the common code 254142239. The address of Euroclear is Euroclear Bank S.A./N.V., 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 Change

There has been no significant change in the financial or trading position of the Issuer since 30 June 2022 and there has been no material adverse change in the prospects of the Issuer since 31 December 2021.

## **Litigation**

The Issuer is or has not 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 in such period had a significant effect on the financial position or profitability of the Issuer.

## **Material Contracts**

The Issuer has no material contracts in place which could result in being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes, other than those contracts entered into in the ordinary course of business.

## **Third party information**

The Issuer confirms that any information that has been sourced from a third party has been accurately reproduced and that, so far as it is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **Yield**

The yield in respect of the Notes is 5.302 per cent. per annum and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

## **Independent Auditors**

The Shareholders' Meeting of ICS held on 29 November 2019 appointed the auditing firm PricewaterhouseCoopers S.p.A. to audit the financial statements from 2020 to 2028, pursuant to the provisions of article 2409-*bis* of the Italian Civil Code and Italian Legislative Decree 39/2010.

The audited annual financial statements of ICS as at and for the years ended, respectively, 31 December 2020 and 31 December 2021 were audited PricewaterhouseCoopers S.p.A.

PricewaterhouseCoopers S.p.A. is registered in the Register of the Statutory Auditors, in compliance with the provisions of Legislative Decree No. 39/2010 as implemented by the MEF (Decree No. 144 of 20 June 2012). The registered office of PricewaterhouseCoopers S.p.A. is at Piazza Tre Torri no. 2, 20145, Milan, Italy.

## **Rating Agencies**

Each of S&P and DBRS is established in the European Union and registered in accordance with Regulation No. 1060/2009/EC of the European Parliament and the Council dated 16 September 2009 relating to credit rating agencies, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

## **Irish Listing Agent**

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

## **Interests of natural and legal persons involved in the issue/offer**

The Joint Lead Managers and/or their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions and may perform services for the Issuer and/or its affiliates in the ordinary course of business. The Joint Lead Managers and/or their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and/or its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Joint Lead Managers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account

and/or for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or of the Issuer's affiliates. Certain of the Joint Lead Managers and/or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and/or to its affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, for the purpose of this paragraph the term "**affiliates**" also includes a parent company.

**THE ISSUER**

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