

## BASE PROSPECTUS



## UNIPOLSAI ASSICURAZIONI S.p.A.

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

**€3,000,000,000**

### **Euro Medium Term Note Programme**

Under this €3,000,000,000 Euro Medium Term Note Programme (the **Programme**), UnipolSai Assicurazioni S.p.A. (**UnipolSai** or the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). Notes may be issued as unsubordinated Notes (**Senior Notes**) or Tier 2 Notes (**Tier 2 Notes**). References in this Base Prospectus to the **Terms and Conditions of the Notes** shall be to (i) the Terms and Conditions of the Senior Notes and/or (ii) the Terms and Conditions of the Tier 2 Notes, as the context may require.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus (as defined below) to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors" beginning on page 9.**

Application has been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document (the **Base Prospectus**) as a base prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information not contained herein which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer has been rated "BBB/stable" (insurance financial strength rating) by Fitch Ratings Limited (**Fitch**), "Baa2/negative" (insurance financial strength rating) by Moody's Investors Service Ltd (**Moody's**), "BBB+/stable" (long-term credit rating) and "A-2" (short term credit rating) by Dagong Global (**Dagong**), and A-/stable (financial strength rating) and "a-/stable" (issuer credit rating) by A.M. Best – Europe Rating Services Ltd (**AM Best**). The Programme has been rated "BBB-" (senior debt) and "BB" (dated subordinated debt) by Fitch and "(P)Baa3" (senior unsecured) and "(P)Ba1" (subordinated) by Moody's. The rating of certain Series or Tranches of Notes to be issued under the Programme may be specified in the applicable Final Terms. Each of Fitch, Moody's, Dagong and AM Best is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Fitch, Moody's, Dagong and AM Best is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) in accordance with the CRA Regulation. **A security rating and an issuer's corporate rating are not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

#### **Arrangers**

**J.P. Morgan**

**Mediobanca**

#### **Dealers**

**J.P. Morgan**

**Mediobanca**

**UniCredit Bank**

The date of this Base Prospectus is 2 February 2018.

## IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area).

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

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

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

No representation, warranty or undertaking, express or implied, is made by any of the Dealers or any of their respective affiliates and no responsibility or liability is accepted by any of the Dealers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or of any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and its subsidiaries (the Group) and of the rights attaching to the relevant Notes and reach its own view, based upon its own judgement and upon advice from such financial, legal and tax advisers as it has deemed necessary, prior to making any investment decision. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer

during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the Securities Act) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY**

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

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

### **MIFID II PRODUCT GOVERNANCE / TARGET MARKET**

The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, MiFID II) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### **IMPORTANT – EEA RETAIL INVESTORS**

If the Final Terms in respect of any Notes includes a legend entitled "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 2002/92/EC (as amended, the Insurance Mediation 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.

## **SUITABILITY OF INVESTMENT**

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

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

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

## **PRESENTATION OF INFORMATION**

All references in this document to U.S. dollars, U.S.\$ and \$ refer to United States dollars, and references to euro, Euro and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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

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

## USE OF BENCHMARKS

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR (in each case as defined in Terms and Conditions of the Notes) as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR are not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the Benchmarks Regulation). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrators of LIBOR and EURIBOR are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## FORWARD-LOOKING STATEMENTS

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

## INDUSTRY AND MARKET DATA

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

## ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus, and the documents incorporated by reference hereto, contains certain alternative performance measures (APMs), complete with an explanation of the criteria used to construct them, in addition to the IFRS financial indicators obtained directly from the audited consolidated financial statements of the Issuer for the years ended 31 December 2016 and 2015 and from the unaudited consolidated interim financial report of the Issuer for the six-month period ended 30 June 2017, each incorporated by reference into this Base Prospectus under the section "Documents Incorporated by Reference", and which are useful to present the results and the financial performance of the Group.

For information regarding the APMs, including an explanation of the criteria used to construct them, see the sections headed "Alternative performance indicators" on page 21 of the audited consolidated financial statements of the Issuer for the year ended 31 December 2016 and on page 13 of the unaudited consolidated interim financial report of the Issuer for the six-month period ended 30 June 2017, each incorporated by reference into this Base Prospectus.



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

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

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

## **STABILISATION**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms 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 relevant Tranche of 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## CONTENTS

	<b>Page</b>
Risk Factors.....	9
General Description of the Programme .....	30
Documents Incorporated by Reference .....	34
Form of the Notes .....	36
Applicable Final Terms (Senior Notes).....	38
Applicable Final Terms (Tier 2 Notes) .....	49
Terms and Conditions of Senior Notes .....	62
Terms and Conditions of Tier 2 Notes .....	88
Use of Proceeds.....	125
Description of the Issuer.....	126
Taxation.....	155
Subscription and Sale.....	163
General Information.....	167



## RISK FACTORS

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

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

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

*References in these "Risk Factors" to the "relevant Terms and Conditions" are to the Terms and Conditions of the Senior Notes or the Terms and Conditions of the Tier 2 Notes, as the case may be, in each case appearing elsewhere in this Base Prospectus and as completed by the applicable Final Terms of the relevant Tranche of Notes. Words and expressions defined in "Applicable Final Terms", "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.*

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

***Negative developments in economic and financial market conditions, whether on a national or supranational basis, may materially adversely affect UnipolSai's results of operations, business and financial condition***

UnipolSai's businesses, financial position and results of operations are inherently subject to global financial market fluctuations and economic conditions generally. While financial markets generally recovered in 2016, a wide variety of factors continues to negatively impact economic growth prospects and contribute to high levels of volatility in financial markets (including in currency exchange and interest rates). These factors include, among others, continuing concerns over sovereign debt issuers, particularly in Europe; the stability and status quo of the European Monetary Union; concerns about the Italian economy (which is the main market for the Group) which might have a material adverse effect on UnipolSai's business and financial position, in light of the link between UnipolSai's credit rating and that of the Republic of Italy; concerns over levels of economic growth and consumer confidence generally; the strengthening or weakening of foreign currencies against the Euro; structural reforms or other changes made to the Euro, the Eurozone or the European Union; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies; inflation or deflation in certain markets; central bank intervention in the financial markets through quantitative easing or similar programmes; volatile energy costs; adverse geopolitical events (including acts of terrorism or military conflicts); political uncertainty which may adversely affect the membership of certain countries in the European Union or the Eurozone, or relations between these countries and the European Union or the Eurozone and other recent developments such as the negative outcome of the "Brexit" referendum in June 2016 and the Italian referendum on constitutional reform in December 2016 and uncertainty regarding the U.S. and worldwide political, regulatory and economic environment following the inauguration of a new U.S. administration in January 2017, including with respect to

potential changes in U.S. laws, regulations and policies governing financial regulation, foreign trade and foreign investment. Furthermore, certain initiatives from governments and support of central banks in order to stabilise financial markets could be suspended or interrupted which could, in an uncertain economic context, have an adverse effect on the global financial industry. In addition, geopolitical risks in various regions, including Russia, Ukraine, Syria, Iraq or North Korea, have contributed to increased economic and market uncertainty generally. These factors have had and may continue to have an adverse effect on UnipolSai's revenues and results of operations, in part because they can bring volatility to UnipolSai's investment portfolio, which is influenced by global economy conditions.

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

### ***Financial results may be affected by volatility of the financial markets***

Market levels and investment returns are an important component of determining the UnipolSai Group's overall profitability; in addition, fluctuations in the financial markets such as the fixed income, equity and property markets can have a material effect on its business, financial conditions, consolidated results of operations, market levels and investment returns. Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets in which funds under management are invested could have a material adverse effect on the UnipolSai Group's consolidated financial condition, results of operations and cash flows. In an economic downturn, characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for the UnipolSai Group's products could be adversely affected.

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

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

Moreover, the current scenario of low interest rates implies a higher investment risk and difficulties to grant the minimum interest guarantees embedded in certain life insurance products sold in the past by the Group. Such scenario may have a negative effect on the profitability of the Group. In connection with this, the Group is gradually reducing its traditional guarantee-backed products whilst seeking to increase its commercial offering of unit-linked/index-linked products and multi-segment products. See "*Description of the Issuer – Business of the UnipolSai Group – Insurance sector – Life business*".

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

***Financial results may be affected by changes in interest rates***

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

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

***The UnipolSai Group is subject to credit risk***

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

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

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

Although the Group's investment policy targets diversification and the selection of companies with high credit ratings, a default by one or more of the issuers of securities held by the Group could have an adverse effect on Issuer's and the Group's financial condition, results of operations and cash flows.

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

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

The Group has adopted procedures, rules and principles aimed at monitoring and managing credit risk at both individual counterparty and portfolio level. However, there is the risk that, despite these credit risk monitoring and management activities, the Group's credit exposure may exceed predetermined levels pursuant to the procedures, rules and principles it has adopted.

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

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

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

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

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

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

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

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

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

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

#### ***Claims experience may be inconsistent with the assumptions used to price products and establish reserves***

The earnings of the Group depend significantly on the extent to which its actual claims experience is consistent with the assumptions used in setting product prices and to establish liability for technical provisions and claims. The Group uses both its own experience and industry data to define pricing of the insurance products and to establish the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates.

The Group has risk exposures to natural catastrophes (such as earthquake, flood and hail) that are mitigated through reinsurance. The overall reinsurance strategy is defined in order to assure that the effective risk profile is in line

with the target one; however, it cannot be excluded that such strategy proves to be insufficient to properly mitigate the above risk.

***Financial results may be affected by underwriting performance and insurance claims***

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

***The Group is subject to risks concerning the adequacy of its technical reserves, which could have a negative impact on its results in case these provisions prove to be insufficient***

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

***The property and casualty insurance business is cyclical***

The property and casualty insurance business is cyclical. Although no two cycles are the same, these cycles are comprised of periods of intense price competition due to excessive underwriting capacity, periods of short ages of underwriting capacity permitting more favourable rates, consequent fluctuations in underwriting results and the occurrence of other losses. Historically, property and casualty insurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the insurer, including competition, frequency or severity of catastrophic events, levels of capacity, general economic conditions and other factors. This may cause a decline in revenues during certain cycles if the Group chooses not to reduce its property and casualty product prices in order to maintain its market position and profitability. The Issuer may therefore experience the effects of such cyclicity, changes in customer expectations of appropriate premium levels, the frequency or severity of claims or other loss events, or other factors affecting the property and casualty insurance business, all of which could have an adverse effect on the Issuer's results of operations and financial condition.

***The Group may be affected by increased competition***

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



### ***Risks relating to failure to adapt to new trends of the market***

Consumer demand for the Group's products may be affected by changes to market conditions and trends. Any major change in the markets and/or any failure to anticipate, identify or react successfully or at reasonable cost to these changes could result in reduced demand for the Group's products, which would in turn cause income to suffer. If the Group does not succeed in offering products that reflect the market trends and appeal to customers, its sales and market share will decrease, and its profitability will suffer. Such failure could have a material adverse effect on the Group's business, financial conditions and results of operations.

### ***Risks arising from fraud***

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

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

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

#### ***Longevity and surrenders***

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

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

#### ***Pandemic***

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

#### ***Life insurance financial risk***

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

#### ***Minimum guaranteed returns***

A significant part of the life insurance policies sold in the past by the Group to customers provides a guaranteed minimum return (whilst new policies provide for a minimum return close to zero). A reduction of the return on

investments made by the Group could result in losses for Group's insurance business, in the event that the effective return is lower than the return guaranteed to customers. In addition, higher interest rates might determine an increase in life policy redemptions, which could materially adversely affect Group's cash flows, financial condition and results of operations.

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

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

#### *Reinsurance may not be adequate to protect the insurance business segment against losses*

In the normal course of business, the Group transfers exposure to certain risks in its non-life and life insurance businesses to others through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the Group's losses and expenses associated with reported and unreported claims in exchange for a portion of the premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not compensated by premiums paid to the Group, this could adversely affect the Group's results. Also, increasing concentration in the reinsurance market reduces the number of major reinsurance providers and, therefore, could hamper the Group's efforts to diversify in its reinsurance risk.

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

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

UnipolSai, through some of its subsidiaries, also operates in the Italian real estate business segment (secondary to its core insurance business) with a portfolio consisting mainly of retail, commercial and hotel properties owned through direct and indirect investments. The real estate business segment is impacted by a series of macroeconomic variables, including the balance of supply and demand, linked, in turn, to further variables such as the overall condition of the economy, the tax system, liquidity in the market, the widespread difficulty experienced by potential investors in obtaining credit and alternative investments offering greater remuneration.

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

Given that the main factors described above are liable to change over time and are not completely predictable during the stage of evaluation/investment or disinvestment decision, it cannot be excluded that the feasibility and/or



profitability of such investments may change in terms of time and/or conditions, with respect to the original forecasts, which may have a negative effect on the economic and/or financial position of the Group.

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

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

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

### ***A downgrade of any of UnipolSai's credit ratings may impact its funding ability and client portfolio retention***

The financial strength and issuer credit ratings assigned to UnipolSai express the rating agencies' opinion regarding the institutions' creditworthiness and are a determining factor in influencing public confidence in the Group's business. Credit ratings are subject to change, suspension or withdrawal at any time by rating agencies. A downgrade, or the potential for such a downgrade, to the financial strength or issuer credit ratings assigned to UnipolSai may have an adverse impact on its financial position and client portfolio retention. A downgrade of UnipolSai's credit rating may have a negative effect on its ability to raise capital through the issuance of debt, increase the cost of such financing, reduce customers' and trading counterparties' confidence and impact profitability and competitiveness. Rating agencies look at a range of rating factors. In particular, potential sovereign debt credit deterioration could have adverse effects on the financial position of the Group and trigger a downgrade of UnipolSai's ratings.

### ***The UnipolSai Group is subject to operational risk***

The UnipolSai Group, like all financial services groups, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The Group's systems and processes are designed to ensure that the operational risks associated with the Group's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Group's financial performance and business activities.

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

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

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

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

As the applicable insurance regulatory framework is constantly being revised and updated, the Issuer is not able to foresee all potential changes. Moreover, the policies adopted by Group companies to ensure compliance with such

framework might become obsolete thus requiring the Group to constantly monitor and adapt such policies to the changing regulatory environment. New regulatory initiatives, including, *inter alia*, those relating to capital requirements, increasing regulatory and law enforcement scrutiny on anti-money laundering, counter terrorist-financing and international sanctions requirements and more stringent regulatory investigations of the insurance industry, could increase the cost of doing business, affect the competitive balance in general, impair the liquidity and financial position of the Issuer and the Group. Regulatory proceedings as a result of non-compliance with applicable regulations or failure to undertake corrective action could result in adverse publicity for, or negative perceptions regarding, the regulated entity, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against a member of the Group could have a material adverse effect on the business of the Group, its results of operations and/or financial condition. In addition, changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Group operates may adversely affect its product range, distribution channels, capital requirements and, consequently, its results and financing requirements. These changes, which may occur at any time, include possible changes in government pension requirements and policies, the regulation of selling practices and solvency requirements.

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

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

As of today, the implementation of the Solvency II framework is almost complete. Nonetheless, as such framework is subject to ongoing review and revision on several matters is due to be finalised in the coming future, the Issuer is not able to predict the regulatory impacts of such revision, as well as the potential relevant implementation cost (if any). The ongoing review of the Solvency II framework by the European Parliament and EIOPA may result in adjustments to methods, assumptions and parameters as well as changes in policy options, which may result in more stringent capital requirements and/or a decrease in available capital. In this context, EIOPA has published a discussion paper in December 2016 on the review of specific items in the Solvency II Regulations and on 4 July 2017 and 6 November 2017, has published consultation papers on the first and second sets of advice to the European Commission on specific items in the Solvency II Regulations. Final Advice to the European Commission is expected to be delivered by EIOPA by February 2018. In particular, aspects of the Solvency II Regulations under review include the so called "Standard Formula" for the calculation of the Solvency Capital Requirement as well as other proposals and initiatives to harmonise implementation of Solvency II. In addition, EIOPA published on 5 April 2017 the methodology to derive the Ultimate Forward Rate (**UFR**, a key factor in calculating insurers' long-term liabilities under Solvency II) and its implementation process, further to a consultation process conducted in 2016. The UFR methodology will be applied for the first time in the calculation of the risk-free interest rates of January 2018.

More broadly, turmoil in the financial markets may well result in significant regulatory changes affecting financial institutions, including insurance and reinsurance undertakings, as well as reforms aimed at addressing the issue of systemic risk and the perceived gaps in the regulatory framework viewed to have contributed to the financial crisis. New regulatory initiatives could increase the cost of doing business, limit the scope of permissible activities or affect the competitive balance in general. In particular, the Financial Stability Board released in June 2016 its guidance on resolution planning for systematically important insurers while in Europe, EIOPA first published in December 2016 its own “Discussion Paper on Potential Harmonisation of Recovery and Resolution Frameworks for Insurers”, on which consultation ended on 28 February 2017. Following the consultation, EIOPA published an opinion (addressed to the European Parliament, the Council of the European Union and the European Commission) on 5 July 2017 in which it calls for a minimum harmonised and framework recovery and resolution framework for insurers and reinsurers to deliver increased policyholder protection and financial stability in the European Union. As a result of these ongoing consultations and discussions, it is unclear whether a new resolution regime for (re)insurers will be introduced and if so, how, and to what extent, the introduction of new regulations or standards and changes to the current legislative framework will impact the Issuer and the Group and the potential impact (if any) of resolution measures on subordinated liabilities issued by UnipolSai.

In addition to the above, it should be noted that UnipolSai also has a 42.25% participation in Unipol Banca, which is subject to several banking regulatory provisions which are designed to maintain the safety and soundness of banks, and limit their exposure to risk. These regulatory provisions include, *inter alia*, Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the so-called CRD IV); Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the so-called CRR); Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the so-called BRRD); and Regulation (EU) No. 1024/2013 of the European Parliament and of the Council conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the so-called SSM Regulation). The imposition by the competent supervisory authorities of specific measures on Unipol Banca under the current regulatory framework (for example, capital strengthening measures), or any changes in how such laws and regulations are applied or the application/implementation of new laws and regulations, may have a material effect on the business, operations liquidity and financial position of Unipol Banca directly and consequently, on the value of UnipolSai’s equity investment in the bank.

***Risk management policies, procedures and methods may leave the UnipolSai Group exposed to unidentified or unanticipated risks***

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

***The Group is subject to strategic risk***

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

***Solvency Capital Requirement calculations***

As specified under the section “Description of the Issuer – Other information relating to the insurance business”, IVASS authorised UnipolSai to use the specific parameters in place of the sub-set of parameters defined in the so called “Standard Formula” with effect from 1 January 2016. In addition, UnipolSai Assicurazioni received

authorisation to use the so called “Partial Internal Model” for calculating the individual Solvency Capital Requirement with effect from 31 December 2016. Solvency II requires insurance undertakings to continue to satisfy a number of post-approval requirements; in case of non-compliance with such post-approval requirements triggering material effects, IVASS may require insurance undertakings to either calculate their Solvency Capital Requirement (SCR) in accordance with the so called “Standard Formula” or add on a specific required capital charge if the internal model no longer captures the overall risk.

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

The Group has recognised goodwill totalling Euro 315.7 million as at 30 June 2017. Future events related to trends in the general economy, in the regulatory framework and in the market could reduce the recovery amount of the recognised goodwill so that impairment charges could be required, with an eventual material adverse impact on the Group's financial condition and results of operations.

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

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

For information on legal proceedings currently involving the companies belonging to the Group, see “*Description of the Issuer – Litigation*”.

### ***Risks arising from the failure to fully implement the 2016-2018 Business Plan***

On 12 May 2016, the Board of Directors of UnipolSai approved the strategic business plan (the **Business Plan**) for the 2016-2018 period. The Business Plan has the objective of ensuring sustainable profitability over time through a programme of initiatives intended to strengthen the leadership position of the Group on the Italian insurance market and to achieve an overall cost saving for the Group. For further information see the section “*Description of the Issuer – Business Strategy*”.

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

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

UnipolSai Group monitors the core businesses in search of opportunities to acquire individual assets or corporations in order to achieve its growth targets or complement its asset portfolio. The acquisitions that the Group has already carried out will, and any future acquisitions may, result in a significant expansion and increased complexity of the Group's operations. Acquisitions require the integration and combination of different management, strategies, procedures, products and services, client bases and distribution networks, with the aim of streamlining the business

structure and operations of the newly enlarged group. Acquisitions entail an execution risk, including the risk that the acquirer will not be able to integrate the purchased assets to achieve expected synergies. Any joint investments realised under joint ventures and any other future investments in foreign or domestic companies may result in increased complexity of the Group's operations and there can be no assurance that such investments will be properly integrated with the Issuer's quality standards, policies and procedures to achieve consistency with the rest of the Group's operations. The process of integration may require additional investments and expenses. Failure to successfully integrate investments could have a material adverse effect on the Group's business, financial condition and results of operations, which could have an adverse impact on the Issuer's ability to fulfil its obligations under the Notes.

***Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit)***

On 23 June 2016, the United Kingdom voted, in a referendum, to leave the European Union (Brexit). On 29 March 2017, the British Prime Minister gave formal notice to the European Council under Article 50 of the Treaty on European Union of the intention to withdraw from the European Union, thus triggering the two-year period for withdrawal.

The process of negotiation will determine the future terms of the UK's relationship with the EU. Depending on the terms of the Brexit negotiations, the UK could also lose access to the single EU market and to the global trade agreements negotiated by the EU on behalf of its members. Given the unprecedented nature of a departure from the EU, the timing, terms and process for the United Kingdom's exit are unknown and cannot be predicted.

Regardless of the timescale and the term of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainties with regard to the political and economic outlook of the United Kingdom and the European Union.

The exit of the United Kingdom from the European Union; the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; and the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include further falls in equity markets, a further fall in the value of the pound and, in general, increase financial markets volatility, with possible negative consequences on the asset prices, operating results and capital and/or financial position of the Issuer and/or the Group.

In addition to the above and taking into consideration the fact that at the date of this Base Prospectus there is no legal procedure or practice aimed at facilitating the exit of a Member State from the Euro, the consequences of these decisions are exacerbated by the uncertainty regarding the methods through which a Member State could manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Eurozone could be accompanied by the deterioration of the economic and financial situation of the European Union and could have a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses and involving considerable changes to financial activities both at market and retail level. This situation could therefore have a significant negative impact on the operating results and capital and financial position of the Issuer and/or the Group.

**FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of these features:



***Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***If the Issuer has the right, or is perceived to have the right, to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, or may be perceived to be able to 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. 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 the light of other investments available at that time.

***If the terms of any Notes contemplate that the interest rate converts from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.***

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the terms of any Notes contemplate such a conversion, this may adversely affect the secondary market and the market value of the Notes since the conversion may produce a lower overall cost of borrowing. If the rate converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

***Reset Notes***

Reset Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date). On the first Reset Date and on each subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Reset Reference Rate and the applicable Reset Margin (the **Reset Rate**), which could be less than the Initial Rate of Interest or the Reset Rate for prior Reset Periods, and could affect the market value of an investment in the Reset Notes.

***Maximum/Minimum Rate of Interest***

To the extent that a Minimum Rate of Interest applies, investors should consider that where the interest rate does not rise above the level of Minimum Interest Rate, comparable investments in notes which pay interest based on a fixed rate which is higher than the Minimum Interest Rate are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes might find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount.

To the extent that a Maximum Rate of Interest applies, investors should be aware that the Rate of Interest is capped at such Maximum Interest Rate level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affect the market value of the Notes.

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

Interest rates and indices which are deemed to be “benchmarks”, are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes. Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

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

### ***Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards.

Investors should be aware that, if LIBOR is discontinued or otherwise unavailable, the interest rate applicable to Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. This may, in certain circumstances, result in the effective application of a fixed rate based on the last available LIBOR rate applied in the previous period. There is also uncertainty as to the establishment of an alternative interest rate which would apply if LIBOR were discontinued and the adequacy of any such alternative rate. Amendments to the terms and conditions and/or relevant fall-back provisions may be required and there can be no assurance that any such amendments will fully or effectively mitigate all relevant interest rate risks. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

### ***Redemption of Senior Notes for tax reasons***

In the event that the Issuer has or will become obliged - as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction (as defined in the Terms and Conditions of the Senior Notes) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective



on or after the date on which agreement is reached to issue the first Tranche of the relevant Notes - to pay additional amounts in respect of such Senior Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy, or any political subdivision thereof or any authority therein or thereof having power to tax, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all outstanding Senior Notes in accordance with the Terms and Conditions of the Senior Notes.

In the event that the Senior Notes are redeemed for tax reasons, as described above, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes. See also "*If the Issuer has the right, or is perceived to have the right, to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*".

#### ***Limitation on gross-up obligation under the Tier 2 Notes***

The Issuer's obligation, if any, to pay additional amounts in respect of any withholding or deduction in respect of taxes under the Terms and Conditions of the Tier 2 Notes applies only to payments of interest due and paid 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 and Conditions of the Tier 2 Notes to the extent any withholding or deduction applied to payments of principal (unless permitted by the Applicable Regulations at the relevant time). Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Tier 2 Notes, holders of Tier 2 Notes may receive less than the full amount due under the Tier 2 Notes, and the market value of the Tier 2 Notes may be adversely affected.

#### ***Tier 2 Notes are subject to optional redemption upon the occurrence of a Tax Event, a Regulatory Event or a Rating Event.***

The Issuer may redeem all outstanding Tier 2 Notes of the relevant Series in accordance with their Terms and Conditions upon the occurrence of a Tax Event or, if specified as being applicable in the relevant Final Terms, a Regulatory Event or a Rating Event, as the case may be.

A Tax Event will occur if, as a result of a change in, or amendment to, the laws or regulations (or, in the case of deductibility of interest (as described in (B) below) only, applicable accounting standards) of the Tax Jurisdiction (as defined in the Terms and Conditions of the Tier 2 Notes) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issuance of the last tranche of the Tier 2 Notes, the Issuer (A) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) of the Tier 2 Notes; or (B) deductibility of interest payable by the Issuer in respect of the Tier 2 Notes is materially reduced for income tax purposes, and the foregoing cannot be avoided by the Issuer taking reasonable measures available to it. A Regulatory Event will occur if as a result of any replacement of or change to (or change in the interpretation by any competent court or authority of) the Applicable Regulations, the Tier 2 Notes (in whole or in part) are no longer capable of qualifying as Tier 2 Own-Funds of the Issuer, on a solo or group basis (including, for as long as the Issuer is included in the Solvency II scope of consolidation of Unipol Gruppo S.p.A., for the purposes of Unipol Gruppo S.p.A. on a group basis), except where this is merely the result of exceeding any then applicable limits on the inclusion of the relevant Tier 2 Notes as Tier 2 Own-Funds.

A Rating Event will occur if there is a change in the rating methodology (or the interpretation thereof) of a Rating Agency as a result of which the equity credit (or such other nomenclature as used by a Rating Agency from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share) (**Equity Credit**) previously assigned by such Rating Agency to the Tier 2 Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the Equity Credit first assigned by such Rating Agency.

In the event that the Tier 2 Notes are redeemed due to a Tax Event, a Regulatory Event or a Rating Event, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as

high as that of the relevant Tier 2 Notes. See also "*If the Issuer has the right, or is perceived to have the right, to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*".

### ***Deferral of Interest Payments***

If the relevant Final Terms for the Tier 2 Notes specify Optional Deferral of Interest as being applicable, the Issuer may, at its option, elect to defer payment of all or part of the interest accrued to an Interest Payment Date if the Optional Deferral Conditions are met with respect to such Interest Payment Date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

In addition, the Issuer will be required to defer payment of interest on the Tier 2 Notes on an Interest Payment Date if the Mandatory Deferral Conditions are met with respect to such Interest Payment Date. According to the Terms and Conditions of the Tier 2 Notes (and subject to the exceptions set forth therein) Mandatory Deferral Conditions shall be met on an Interest Payment Date if (a) payment of the relevant interest would result in the Issuer becoming insolvent, (b) there is not, or would not after the relevant interest payment be, compliance with the Solvency Capital Requirement (except, in certain circumstances, where the Lead Regulator has waived such compliance) or (c) there is not, or would not after the relevant interest payment be, compliance with the Minimum Capital Requirement or (d) the Issuer is otherwise required by the Applicable Regulations at the relevant time to defer payment of interest. If the Issuer is required to defer interest in such circumstances, it shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any non-compliance with the Solvency Capital Requirement or the Minimum Capital Requirement, or perceived non-compliance or decline in the solvency levels of the Issuer or, as the case may be, the Group may significantly affect the trading price of the Notes.

Any deferral of interest payments, or perceived increased likelihood of deferral of interest payments, will be likely to have an adverse effect on the market price of the Tier 2 Notes. In addition, as a result of the above provisions of the Tier 2 Notes, the market price of the Tier 2 Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

See further Condition 3.1 (*Optional Deferral of Interest*) and Condition 3.2 (*Mandatory Deferral of Interest*)..

### ***Suspension of Redemption of Tier 2 Notes***

Tier 2 Notes will be subject to special provisions, driven by regulatory capital requirements, which require the Issuer to suspend redemption of the Tier 2 Notes and postpone the scheduled maturity date or an early redemption of the Tier 2 Notes as more fully described in Condition 7 (*Conditions for Redemption and Purchase*) of the Terms and Conditions of the Tier 2 Notes.

The satisfaction of the conditions to redemption and purchase set out in Condition 7 (*Conditions for Redemption and Purchase*) may delay the date on which the Tier 2 Notes are effectively redeemed and such delay may have a material adverse effect on the value of the Tier 2 Notes.

### ***Modification and/or exchange following a Regulatory Event, a Tax Event or a Rating Event***

In relation to any series of Tier 2 Notes, if the relevant Final Terms specify that the Modification Provisions and/or Exchange Provisions are applicable, then the Issuer may in certain circumstances modify the terms and conditions of such Tier 2 Notes and/or exchange such Tier 2 Notes for Qualifying Securities (as applicable) without any requirement for the consent or approval of the Noteholders to the extent, *inter alia*, that such modification and/or exchange is reasonably necessary to ensure that no Regulatory Event, Tax Event or, as applicable, Rating Event would exist after such modification, provided that the relevant conditions set forth in Condition 15.4 (*Modification and/or Exchange following a Regulatory Event, a Tax Event or a Rating Event*) of the Tier 2 Notes are satisfied, including the condition that the terms and conditions as so modified or, as applicable, the Qualifying Securities are,

in the Issuer's reasonable determination, no more prejudicial to Noteholders than the terms and conditions applicable to the Notes prior to such modification or exchange. In the exercise of such determination, the Issuer shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders whatever their number) and, without limitation, shall not have regard to the consequences for individual Noteholders (whatever their number) resulting from any such modification and/or exchange. No assurance is given that the terms and conditions as so modified or, as applicable, the Qualifying Securities will be no more prejudicial to a particular Noteholder than the terms and conditions applicable to the Notes prior to such modification or exchange.

***The obligations of the Issuer under the Tier 2 Notes are subordinated***

If the Issuer is declared insolvent and a winding-up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other unsubordinated creditors (including unsecured creditors) and any other subordinated creditors ranking senior to the relevant Tier 2 Notes in full before it can make any payments on any such Tier 2 Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under any Tier 2 Notes.

Although Tier 2 Notes may pay a higher rate of interest than other debt instruments which are not subordinated, such as Senior Notes, or which are less subordinated, there is a significant risk that an investor in the Tier 2 Notes will lose all or some of its investment should the Issuer become insolvent.

***No Events of Default for Tier 2 Notes***

The Terms and Conditions of the Tier 2 Notes do not provide for events of default allowing acceleration of the Tier 2 Notes if certain events occur. However, each Tier 2 Note shall become immediately due and payable together with accrued interest thereon to the date of payment in the event that an order is made by a competent court or a resolution is passed for the winding-up or dissolution of the Issuer (save for the purposes of a Permitted Reorganisation or a reorganisation on terms approved by the Noteholders). Accordingly, if the Issuer fails to meet any obligations under the Tier 2 Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Tier 2 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.

**RISKS RELATED TO THE NOTES GENERALLY**

Set out below is a brief description of certain risks relating to the Notes generally:

***The conditions of the Notes contain provisions which may permit their modification without the consent of all investors***

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

***The value of the Notes could be adversely affected by a change of law or administrative practice***

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, save that provisions concerning the status of the Tier 2 Notes are governed by Italian law and provisions for convening meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Base Prospectus and any such change could materially adversely affect the value of any Notes affected by it. Because the Global Notes are held by or on behalf of Euroclear and

Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

### ***Italian insolvency law***

Italian insurance companies are subject to a special regime on insolvency, designed to ensure, *inter alia*, control by the supervisory authority *Istituto per la Vigilanza sulle Assicurazioni* (**IVASS**) over the proceedings.

Italian law provides for a variety of measures which may be ordered by IVASS in relation to insurance companies in the event of serious infringements of regulatory provisions, including in relation to breach of minimum regulatory capital requirements or similar situations indicative of financial distress. In these situations, an insurance company may be subject to measures such as an obligation to produce a financial plan, a prohibition against undertaking new business and/or an order freezing assets covering the technical reserves. In some circumstances, one or more commissioners (*commissari*) may be appointed to accomplish specific administrative actions and/or replace existing management of the insurance company. However, since these measures do not purport to affect the rights of creditors to an insurance company or to result in an acceleration of obligations of the insurance company generally, they will not automatically result in amounts under the Notes becoming immediately due and payable and are not further addressed below.

The only insolvency proceeding in relation to the Issuer which will, of itself, result in an acceleration of amounts under the Notes is *liquidazione coatta amministrativa* (compulsory administrative liquidation, the **Liquidation Proceeding**), as governed by Article 245 of Italian Legislative Decree No. 209/2005, as amended (*Codice delle Assicurazioni Private*, as amended the **Italian Code of Private Insurance**). The Liquidation Proceeding may be initiated by the Italian Minister of Economic Development on proposal by IVASS. Due to the public interest at stake in the regulation of insurance companies, it is not possible for the Liquidation Proceeding to be initiated directly by court order upon petition by one or more creditors. Creditors may, however, petition the court for a declaration of insolvency on the basis of unpaid claims or evident and material financial insufficiency and, if issued by the court, the declaration of insolvency will result in acceleration of the obligations of the Issuer under the Senior Notes as a result of application of Article 1186 of the Italian Civil Code. In addition, a declaration of insolvency would certainly be brought to the attention of the Italian Ministry of Economic Development (*Ministero dello Sviluppo Economico*) and IVASS for formal commencement of the Liquidation Proceeding. In the case of Tier 2 Notes, holders thereof may only declare their Tier 2 Notes due and payable if an order is made by any competent court or a resolution is passed for the winding-up or dissolution of the Issuer otherwise than for the purpose of a Permitted Reorganisation or a reorganisation on terms previously approved by an Extraordinary Resolution. See further Condition 10 (*Enforcement Event*) of the Tier 2 Notes.

As from the date of commencement of the Liquidation Proceeding, creditors are prohibited from undertaking or continuing executive measures against the debtor or its assets. Furthermore, any legal action resulting from commencement of the Liquidation Proceedings, including in relation to payment of amounts due under the Notes, must be brought before the courts of the place where the Issuer has its registered office.

In the event of a Liquidation Proceeding, one or more liquidators (*commissari liquidatori*) will be appointed by IVASS, in addition to a supervisory committee composed of between three to five members. These appointments will be effective for a period of three years, renewable for an indefinite period if necessary in order to complete the procedure. At any time during the proceedings, IVASS may issue regulations or guidelines of general application or specifically addressed to the Issuer in connection with the conduct of the Liquidation Proceeding and may authorise the continuation of specifically identified transactions deemed necessary or useful for the conduct of the Liquidation Proceeding. Within 60 days of their appointment, the liquidators are obliged to notify all creditors of the commencement of the Liquidation Proceeding as well as the amount of claims resulting from the books and records of the Issuer. The liquidators will then have a further 90 days to submit to IVASS a list of creditors admitted to the Liquidation Proceeding and the amount recognised as owing to each. Creditors not admitted or whose claims are not fully recognised will have the right to challenge the list presented to IVASS.

The Italian Code of Private Insurance provides the liquidators with all powers necessary to realise the assets of the Issuer, settle outstanding claims and/or enter into loans or other forms of financing, subject in each case to

authorisation where applicable by the supervisory committee and/or IVASS. In particular, the liquidators may be empowered to sell the assets and liabilities of the Issuer, as well as the business or any line of business of the Issuer or assets and legal relationships identified on a block basis. Such transfers may occur at any point during the Liquidation Proceedings. The liquidators may likewise transfer the whole or any portion of the insurance portfolio of the Issuer.

At any point during the Liquidation Proceeding, the liquidators or shareholders of the Issuer may propose a composition with creditors, indicating the percentage of claims to be offered to unsecured creditors, as well as the time frame for payment and any security to be provided. The composition must be authorised by IVASS before being filed with the presiding court. No voting procedure is contemplated in relation to the composition plan, although any creditor is entitled to file opposition, in which case it will be up to the presiding Court to decide whether or not to authorise its execution. As a result of the above, the holders should be aware that they will generally have limited ability to influence the outcome of any insolvency proceedings which may apply to the Issuer under Italian law.

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

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his 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 Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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



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

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

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

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets. 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### ***Delisting of the Notes***

Application has been made for Notes issued under the Programme to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a **listing**), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.***

The Issuer will pay principal and interest on the Notes in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency 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.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

***Credit ratings assigned to the Issuer and/or any Notes may not reflect all the risks associated with an investment in those Notes.***

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other

factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**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. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

***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) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.



## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Base Prospectus will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:..... UnipolSai Assicurazioni S.p.A.

Risk Factors:..... There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme*" above and include, among others, Financial results may be affected by the volatility of the financial markets, Risks relating to regulatory compliance and changes in the regulatory framework, Risks associated with the Group's life insurance business, and The property and casualty insurance business is cyclical. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

Description: ..... Euro Medium Term Note Programme

Arrangers: ..... J.P. Morgan Securities plc  
Mediobanca – Banca di Credito Finanziario S.p.A.  
UniCredit Bank AG

Dealers: ..... J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: ..... Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.

Issuing and Paying Agent: ..... BNP Paribas Securities Services, Luxembourg Branch

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

Programme Size: ..... Up to €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:.....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:.....	Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency as specified in the relevant Final Terms.
Maturities:.....	Any maturity of one year or more, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. No Notes having a maturity of less than one year and one day will be issued under the Programme.  In the case of Tier 2 Notes, their redemption on maturity or early redemption is subject to satisfaction of the conditions set out in, and the scheduled maturity date or redemption date may be postponed in accordance with, Condition 7 ( <i>Conditions for Redemption and Purchase</i> ) of the Terms and Conditions of the Tier 2 Notes.
Issue Price:.....	Notes will be issued on a fully-paid basis and at any issue price, as specified in the relevant Final Terms.
Form of Notes:.....	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
Fixed Rate Notes:.....	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as specified in the relevant Final Terms.
Floating Rate Notes:.....	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(b) on the basis of a reference rate referred to in the applicable Final Terms.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
Other provisions in relation to Floating Rate Notes:.....	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.  Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as specified in the relevant Final Terms.
Zero Coupon Notes: .....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Reset Notes: .....	Reset Notes will bear interest at a rate equal to the Initial Rate of Interest which will be reset, on any Reset Date specified in the applicable Final Terms, to the sum of the applicable Reset Reference Rate and the applicable Reset Margin

specified in the applicable Final Terms.

Deferral of Interest for Tier 2 Notes: ..... If the applicable Final Terms of the relevant Tier 2 Notes state that Optional Deferral of Interest and/or Mandatory Deferral of Interest is applicable, the Issuer may elect to defer payment of all (or some only), and in some cases shall defer payment of all, of the interest accrued on the relevant Tier 2 Notes on an Interest Payment Date subject to certain conditions, all as described in further detail in the Terms and Conditions of the Tier 2 Notes.

Redemption: ..... The relevant Final Terms will specify the redemption amount.

The Final Terms relating to each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity or that such Notes will be redeemable prior to such stated maturity at the option of the relevant Issuer on such terms as are indicated in the Terms and Conditions of the Notes and the applicable Final Terms.

The Notes may be redeemed at the option of the Issuer for tax reasons. In addition, if specified in the relevant Final Terms, the Notes may be redeemed by the Issuer where Issuer Call or, in the case of Tier 2 Notes, Optional Redemption due to a Regulatory Event or Rating Event is specified.

Redemption of Tier 2 Notes is subject to satisfaction of the conditions set out in the relevant Terms and Conditions.

Issuer Call: ..... If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject to the provisions of the relevant Terms and Conditions, redeem (a) in the case of Senior Notes, all or some only; and (b) in the case of Tier 2 Notes, all but not some only, of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount (Call) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

Investor Put: ..... If Investor Put is specified as being applicable in the applicable Final Terms, holders of Senior Notes will have the right, subject to the provisions of the relevant Terms and Conditions, to require redemption of the Senior Notes.

Denomination of Notes: ..... The Notes will be issued in such denominations as specified in the relevant Final Terms save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation: ..... All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in the Terms and Conditions of the Notes. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in the Terms and Conditions of the Notes, be required to pay additional amounts to cover the amounts so deducted, as set out in Condition 7 of the Terms and Conditions of the Senior Notes and Condition 8 of the Terms and Conditions of the Tier 2 Notes.

Negative Pledge:.....	The terms of the Senior Notes will contain a negative pledge provision (as further described in Condition 3 ( <i>Negative Pledge</i> ) of the Senior Notes).
Cross Default:.....	The terms of the Senior Notes will contain a cross default provision as further described in Condition 9(c) of the Terms and Conditions of the Senior Notes.
Status of the Notes:.....	<p>Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (<i>Negative pledge</i>)) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations of the Issuer, from time to time outstanding.</p> <p>Tier 2 Notes will be issued on a subordinated basis, as provided in Condition 2 (<i>Status of the Notes</i>) of the Tier 2 Notes.</p>
Rating: .....	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing, admission to trading and approval: .....	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be admitted to the Official List of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:.....	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 2 ( <i>Status of the Notes</i> ) of the Tier 2 Notes shall be governed by Italian law. Condition 14 ( <i>Meetings of Noteholders</i> ) of the Senior Notes, Condition 15 ( <i>Meetings of Noteholders</i> ) of the Tier 2 Notes and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of the Noteholders' Representative are subject to compliance with the laws of the Republic of Italy.
Selling Restrictions:.....	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and the Republic of Italy) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".
United States Selling Restrictions: .....	Regulation S Category 1 or 2, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

## DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below, which is contained in the following documents which have previously been published and have been filed with the CSSF, shall be incorporated by reference in, and form part of, this Base Prospectus. The information incorporated by reference that is not included in the cross-reference tables is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004.

(a) **the unaudited consolidated interim report of the Group as of and for the six months ended 30 June 2017:**

Alternative Performance Indicators .....	Page 13
Statement of Financial Position .....	Pages 46 - 47
Income Statement.....	Page 48
Comprehensive Income Statement.....	Page 49
Statement of Changes in Shareholders' Equity.....	Page 50
Cash Flow Statement .....	Page 51
Notes to the Financial Statements .....	Pages 54 - 103
Independent Auditors' Report.....	Pages 110-111

(b) **the auditors' report and audited consolidated annual financial statements of the Group as of and for the financial year ended 31 December 2016:**

Alternative Performance Indicators.....	Page 21
Statement of Financial Position .....	Page 62 - 63
Income Statement .....	Page 64
Comprehensive Income Statement .....	Page 65
Statement of Changes in Shareholders' Equity .....	Pages 66
Cash Flow Statement.....	Page 67
Notes to the Financial Statements .....	Pages 70 - 186
Independent Auditors' Report.....	Pages 202 - 203

(c) **the auditors' report and audited consolidated annual financial statements of the Group as of and for the financial year ended 31 December 2015:**

Alternative Performance Indicators .....	Page 21
Statement of Financial Position.....	Pages 62 - 63
Income Statement.....	Page 64
Comprehensive Income Statement.....	Page 65
Statement of changes in Shareholders' Equity .....	Page 66
Statement of Cash Flows .....	Page 67
Notes to the Financial Statements .....	Pages 70 - 190
Independent Auditors' Report.....	Pages 206 - 207

(d) **press release headed “UNIPOLSAI: APPROVAL OF CONSOLIDATED RESULTS AT 30 SEPTEMBER 2017 ” issued by the Issuer on 10 November 2017;**

(e) presentation relating to the interim consolidated results of the UnipolSai Group as at and for the nine-month period ended 30 September 2017, dated 10 November 2017 and headed “9M17 Consolidated results presentation – Unipol and UnipolSai” available at <http://www.unipolsai.com/en/Investor-Relations/Presentations-and-Documents/Documents/2017-11-09%20Presentazione%209M17%20ENG.PDF>.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. Any websites included in this Base Prospectus are for information purposes only and do not form part of this Base Prospectus.

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) and, together with Euroclear, the **ICSDs**); and
- if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9 (*Enforcement Events*) of the Senior Notes) or an Enforcement Event (as defined in Condition 11 (*Enforcement Event*) of the Terms and Conditions of the Tier 2 Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, or (iii) the



Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) of the Terms and Conditions of the Senior Notes and Condition 15 (*Notices*) of the Terms and Conditions of the Tier 2 Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

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

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 (*Enforcement Events*) of the Terms and Conditions of the Senior Notes and Condition 11 (*Enforcement Event*) of the Terms and Conditions of the Tier 2 Notes. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 2 February 2018 and executed by the Issuer.

## APPLICABLE FINAL TERMS (SENIOR NOTES)

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/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 [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**[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 2002/92/EC (as amended, the **Insurance Mediation 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.]

*Set out below is the form of Final Terms which will be completed for each Tranche of Senior Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).*

[Date]

**UNIPOLSAI ASSICURAZIONI S.p.A.**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the €3,000,000,000**  
**Euro Medium Term Note Programme**

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Notes (the **Conditions**) set forth in the base prospectus dated 2 February 2018 (the **Base Prospectus**) [and the supplement[s] to the Base Prospectus dated [●] and [●]] which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] published on the Issuer's website at [www.unipolsai.com] and [is] [are] available for viewing during normal business hours at the registered office of the Issuer and the Issuing and Paying Agent for the time being in Luxembourg. The Final Terms are published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

1. (a) Series Number: [     ]
- (b) Tranche Number: [     ]
- (if fungible with an existing Series:)*
- [(c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below, which is expected to occur on or about *[date]*]]
2. Specified Currency or Currencies: [     ]
3. Aggregate Nominal Amount:
- (a) Series: [     ]
- (b) Tranche: [     ]
4. Issue Price: [     ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: [     ]
- (N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]".)*
- (b) Calculation Amount: [     ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (a) Issue Date: [     ]
- (b) Interest Commencement Date: *[specify/Issue Date/Not Applicable] (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
- (c) Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]*

7. **Interest Basis:** ☐ ☐ per cent. Fixed Rate]
- ☐ ☐ month [LIBOR/EURIBOR]] +/- ☐ per cent. Floating Rate]
- [Zero coupon]
- (see further particulars below)
8. **Change of Interest Basis:** [Applicable/Not Applicable]
- ☐ ☐ per cent. Fixed Rate in respect of the Interest Period(s) ending on (but excluding) ☐ calculated in accordance with paragraph 11 below, then ☐ Floating Rate in respect of the Interest Period(s) commencing from (and including) ☐ calculated in accordance with paragraph 12 below.]
- ☐ Floating Rate in respect of the Interest Period(s) ending on (but excluding) ☐ calculated in accordance with paragraph 12 below, then ☐ per cent. Fixed Rate in respect of the Interest Period(s) commencing from (and including) ☐ calculated in accordance with paragraph 11 below.]
9. **Put and Call Options:** [Issuer Call]  
[Investor Put]
- [(see paragraph(s) [17]/[18] below)]
10. **Date of [Board] approval for issuance of Notes obtained:** [ ☐ ]  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

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

11. **Fixed Rate Note Provisions (Condition 4.1 (*Interest on Fixed Rate Notes*)):** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) **Rate(s) of Interest:** ☐ ☐ per cent. per annum payable in arrear on each Interest Payment Date
- (b) **Interest Payment Date(s):** ☐ ☐ in each year  
(Amend appropriately in the case of irregular coupons)
- (c) **Fixed Coupon Amount(s):** ☐ ☐ per Calculation Amount  
(Applicable to Notes in definitive form.)
- (d) **Broken Amount(s):** ☐ ☐ per Calculation Amount, payable on the Interest Payment Date falling [in/on] ☐ ☐ [Not Applicable]

form.)

- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date in the case of a long or short first coupon)*
- 12. Floating Rate Note Provisions (Condition 4.2 (Interest on Floating Rate Notes)):** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s): [ ]/[Not Applicable]
- (d) Manner in which the [Initial] Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: Reference Rate: [ ] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]



(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)] [+/-] [ ] per cent. per annum
- (i) Margin(s): [+/-] [ ] per cent. per annum
- (j) Minimum Rate of Interest: [[ ] per cent. per annum]/[Not Applicable]
- (k) Maximum Rate of Interest: [[ ] per cent. per annum]/[Not Applicable]
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
- (m) Calculation Agent: [ ]
- 13. Zero Coupon Notes Provisions (Condition 6.5 (Early Redemption Amounts)):** [Applicable/Not Applicable]
- (a) Accrual Yield: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Reference Price: [ ] in each year up to and including the date of redemption of the Notes
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

- 14. Final Redemption Amount (Condition 6.1 (Redemption at Maturity)):** [ ]
- 15. Early Redemption Amount (Condition 6.2 (Redemption for tax reasons), Condition 9 (Enforcement Events)):** [ ] per Calculation Amount
- (N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par. If, however, the Final Redemption Amount is more than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)
- 16. Notice period for Condition 6.2 (Redemption for tax reasons):**
- Minimum period: [ ] days  
Maximum period: [ ] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information)

*through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

**17. Issuer Call (Condition 6.3 (*Redemption at the option of the Issuer*)):**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): [ ] (the **Optional Redemption Date (Call)**) [and thereafter, [ ]]

(b) Optional Redemption Amount (Call): [[ ] [per Calculation Amount]

(c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

(d) Minimum Redemption Amount: [[ ]/Not Applicable]

Maximum Redemption Amount: [[ ]/Not Applicable]

**18. Investor Put (Condition 6.4 (*Redemption at the option of the Noteholders*)):**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date (Put): [ ]

(b) Optional Redemption Amount (Put): [[ ] [per Calculation Amount]

(c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**19. Form of Notes:**

(a) [Form:] [Temporary Global Note exchangeable for a Permanent

Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

- (b) New Global Note: [Yes][No]
20. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraph 12(c) relates)*
21. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

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

Signed on behalf of UnipolSai Assicurazioni S.p.A.:

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [ ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [others] and listing on [others] with effect from [ ].]

[Not Applicable.]

(ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: [Not Applicable – The Notes to be issued are not expected to be rated]

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details] by [insert the legal name of the relevant credit rating agency entit[y/ies] and associated defined terms].

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*(Insert one (or more) of the following options, as applicable.)*

#### **Option 1 - CRA established in the EEA and registered under the CRA Regulation**

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “CRA Regulation”).

#### **Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration**

[Insert legal name of particular credit rating agency entity

*providing rating*] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]/[European Securities and Markets Authority].

***Option 3 - CRA established in the EEA, not registered under the CRA Regulation and not applied for registration***

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 4 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation***

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 5 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation***

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 6 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation***

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

[In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is

provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

### 4. YIELD (*Fixed Rate Notes only*) [Not Applicable]

Indication of yield: [ ]

### 5. OPERATIONAL INFORMATION

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

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

(iv) Delivery: Delivery [against/free of] payment

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

(vi) Deemed delivery of clearing system notices for the purposes of Condition 13 (*Notices*): Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

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



[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 6. DISTRIBUTION

- |       |  |   |
|-------|--|---|
| (i)   | Method of distribution:                      | [Syndicated/Non-syndicated]   |
| (ii)  | If syndicated, names of Managers:            | [Not Applicable/ <i>give names</i> ]  |
| (iii) | Date of [Subscription] Agreement:            | [            ]/Not Applicable]  |
| (iv)  | Stabilising Manager(s) (if any):             | [Not Applicable/ <i>give name</i> ]   |
| (v)   | If non-syndicated, name of relevant Dealer:  | [Not Applicable/ <i>give name</i> ]   |
| (vi)  | U.S. Selling Restrictions:                   | Reg. S Compliance Category [1/2];<br><br>[TEFRA D/TEFRA C/TEFRA not applicable]   |
| (vii) | Prohibition of Sales to EEA Retail Investors | [Applicable/Not Applicable]<br><br><i>(If the the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared "Applicable" should be specified.)</i> |

## APPLICABLE FINAL TERMS (TIER 2 NOTES)

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/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 [Directive 2014/65/EU (as amended, **MiFID II**)] [**MiFID II**]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**[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 2002/92/EC (as amended, the **Insurance Mediation 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 **PRIPs 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 PRIPs Regulation.]

*Set out below is the form of Final Terms which will be completed for each Tranche of Dated Subordinated Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).*

[Date]

**UNIPOLSAI ASSICURAZIONI S.p.A.**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the €3,000,000,000**  
**Euro Medium Term Note Programme**

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Notes (the **Conditions**) set forth in the base prospectus dated 2 February 2018 (the **Base Prospectus**) [and the supplement[s] to the Base Prospectus dated [ ] and [ ]] which together constitute a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] published on the Issuer's website at [www.unipolsai.com] and [is] [are] available for viewing during normal business hours at the registered office of the Issuer and the Issuing and Paying Agent for the time being in Luxembourg. The Final Terms are published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

1. (a) Series Number: [     ]  
 (b) Tranche Number: [     ]  
*(if fungible with an existing Series:)*  
 [(c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about *[date]*]]
2. Specified Currency: [     ]
3. Aggregate Nominal Amount:  
 (a) Series: [     ]  
 (b) Tranche: [     ]
4. Issue Price: [     ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: [     ]  
*(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*  
*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*  
*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]".)*  
 (b) Calculation Amount: [     ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (a) Issue Date: [     ]  
 (b) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*  
 (c) Maturity Date: *[Fixed rate – specify date]*  
*[Floating rate – Interest Payment Date falling in or nearest to [specify month]]*

7. **Interest Basis:** ☐ per cent. Fixed Rate]  
  
☐ month [LIBOR/EURIBOR]] +/- ☐ per cent. Floating Rate]  
  
(see further particulars below)
8. **Change of Interest Basis:** [Applicable/Not Applicable]  
  
(If applicable) [Fixed/Floating applies] / [Floating/Fixed applies] / [Reset Notes]  
  
(if Fixed/Floating applies)  
  
[ ☐ ] per cent. Fixed Rate in respect of the Interest Period(s) ending on (but excluding) [ ☐ ] calculated in accordance with paragraph 11 below, then [ ☐ ] Floating Rate in respect of the Interest Period(s) commencing from (and including) [ ☐ ] calculated in accordance with paragraph 12 below  
  
(if Floating/Fixed applies)  
  
[ ☐ ] Floating Rate in respect of the Interest Period(s) ending on (but excluding) [ ☐ ] calculated in accordance with paragraph 12 below, then [ ☐ ] per cent. Fixed Rate in respect of the Interest Period(s) commencing from (and including) [ ☐ ] calculated in accordance with paragraph 11 below
9. **Call Options:** [Issuer Call]  
  
[Optional Redemption due to a Regulatory Event]  
  
[Optional Redemption due to a Rating Event]  
  
[(see paragraph(s) [17]/[18]/[19] below)]
10. **Date of [Board] approval for issuance of Notes obtained:** [ ☐ ]  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

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

11. **Fixed Rate Note Provisions (Condition 4.1 (Interest on Fixed Rate Notes)):** [Applicable/Not Applicable]  
  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) **Rate(s) of Interest:** [ ☐ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) **Interest Payment Date(s):** [ ☐ ] in each year  
(Amend appropriately in the case of irregular coupons)

- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [ ] in each year][Not Applicable]  
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date in the case of a long or short first coupon)
- 12. Floating Rate Note Provisions (Condition 4.3 (Interest on Floating Rate Notes)):** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: Reference Rate: [ ] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(g)	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[     ]
	• Designated Maturity:	[     ]
	• Reset Date:	[     ] (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)] [+/-] [     ] per cent. per annum
(i)	Margin(s):	[+/-] [     ] per cent. per annum
(j)	Minimum Rate of Interest:	[[     ] per cent. per annum]/[Not Applicable]
(k)	Maximum Rate of Interest:	[[     ] per cent. per annum]/[Not Applicable]
(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(m)	Calculation Agent	[     ]
<b>13.</b>	<b>Reset Note Provisions (Condition 4.2 (Interest on Reset Notes)):</b>	[Applicable/Not Applicable]  (If not applicable, delete the remaining subparagraphs of this paragraph)
(a)	Initial Rate of Interest:	[     ] per cent. per annum payable in arrear on each Interest Payment Date
(b)	Initial Margin:	[     ] (Initial Rate of Interest minus Reset Reference Rate as at pricing)
(c)	Interest Payment Date(s):	[     ] in each year up to and including the date of redemption of the Notes
(d)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(e)	Reset Date(s):	[     ]
(f)	Reset Reference Rate(s):	[Mid Swaps/Reference Bond]
(g)	Principal Financial Centre for the purposes of Condition 4.2:	[[     ]/Not Applicable]
(h)	Reset Margin:	[     ]
(i)	Reset Rate Screen Page:	[     ]



- (j) Mid Swap Maturity: [ ]
- (k) Reset Determination Date: [ ]
- (l) Reset Rate Time: [ ]
- (m) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (n) Party responsible for calculating the Reset Rate and Interest Amount (if not the Agent): [ ]

#### PROVISIONS RELATING TO INTEREST DEFERRAL

14. **Optional Deferral of Interest (Condition 3.1 (*Optional Deferral of Interest*)):** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Look Back Period: Look Back Period [A/B]
- (b) Relevant Securities: Junior Securities [and Parity Securities]

#### PROVISIONS RELATING TO REDEMPTION

15. **Final Redemption Amount (Condition 6.1 (*Redemption at Maturity*), Condition 7 (*Conditions for Redemption and Purchase*)):** [ ]
16. **Optional redemption due to a Tax Event (Condition 6.2 (*Redemption for tax reasons*)):**
- (a) **Notice period:** Minimum period: [ ] days  
Maximum period: [ ] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- (b) **Early Redemption Amount (Tax):** *(if Issuer Call is applicable:)*  
[ ] / [Make Whole Amount] if the redemption date falls before the Optional Redemption Date (Call), [or Optional Redemption Amount if the redemption date falls on or after the Optional Redemption Date (Call)]  
*(N.B. if the Early Redemption Amount (Tax) is the same if redemption falls before and after the Optional Redemption Date (Call), indicate simply the relevant amount)*

- (if Issuer Call is not applicable:)  
[ ]/[Make Whole Amount]
17. **Issuer Call (Condition 6.3 (*Redemption at the option of the Issuer*), Condition 7 (*Conditions for Redemption and Purchase*)):** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [ ] (the **Optional Redemption Date (Call)**) [and thereafter, [ ]]
- (b) Optional Redemption Amount: [[ ] [per Calculation Amount]
- (c) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
18. **Optional Redemption due to a Regulatory Event (Condition 6.4 (*Optional Redemption due to a Regulatory Event*), Condition 7 (*Conditions for Redemption and Purchase*)):** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- **Notice period:** Minimum period: [ ] days  
Maximum period: [ ] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
- **Early Redemption Amount (Regulatory):** (if Issuer Call is applicable:)  
[ ]/[Make Whole Amount] if the redemption date falls before the Optional Redemption Date (Call), [or Optional Redemption Amount if the redemption date falls on or after the Optional Redemption Date (Call)]  
(N.B. if the Early Redemption Amount (Regulatory) is the same if redemption falls before and after the Optional Redemption Date (Call), indicate simply the relevant amount)
- (if Issuer Call is not applicable:)  
[ ]/[Make Whole Amount]

19. **Optional Redemption due to a Rating Event (Condition 6.5 (*Optional Redemption due to a Rating Event*), Condition 7 (*Conditions for Redemption and Purchase*)):**

[Applicable/Not Applicable]

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

- **Notice period:**

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

- **Early Redemption Amount (Rating):**

*(if Issuer Call is applicable:)*

[ ] / [Make Whole Amount] if the redemption date falls before the Optional Redemption Date (Call), [or Optional Redemption Amount if the redemption date falls on or after the Optional Redemption Date (Call)]

*(N.B. if the Early Redemption Amount (Rating) is the same if redemption falls before and after the Optional Redemption Date (Call), indicate simply the relevant amount)*

*(if Issuer Call is not applicable:)*

[ ]/[Make Whole Amount]

20. **Make Whole Amount**

[Applicable/Not Applicable]

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

- **Redemption Margin:**

[ ]

- **Reference Bond:**

[ ]

- **Quotation Time:**

[ ]

21. **Early Redemption Amount (Enforcement Event) (Condition 10 (*Enforcement Event*)):**

[ ] per Calculation Amount

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. **Form of Notes:**

- (a) [Form:]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes

on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes  
[on 60 days' notice given at any time/only upon an  
Exchange Event/at any time at the request of the Issuer]]

*(Ensure that this is consistent with the wording in the  
"Form of the Notes" section in the Base Prospectus and the  
Notes themselves. N.B. The exchange upon notice/at any  
time options should not be expressed to be applicable if the  
Specified Denomination of the Notes in paragraph 5  
includes language substantially to the following effect:  
"[€100,000] and integral multiples of [€1,000] in excess  
thereof up to and including [€199,000]". Furthermore, such  
Specified Denomination construction is not permitted in  
relation to any issue of Notes which is to be represented on  
issue by a Temporary Global Note exchangeable for  
Definitive Notes.)*

- (b) New Global Note: [Yes][No]
23. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment  
and not Interest Period end dates to which subparagraph  
12(c) relates)*
24. Talons for future Coupons to be attached  
to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments,  
Talons may be required if, on exchange into definitive form,  
more than 27 coupon payments are still to be made/No]
25. Modification Provisions (Condition 15.4  
(*Modification and/or Exchange following  
a Regulatory Event, Tax Event or Rating  
Event*)): [Not Applicable/The modification provisions set out in  
Condition 16.4 (b)(A) apply to *[identify relevant events]*]
26. Exchange Provisions (Condition 15.4  
(*Modification and/or Exchange following  
a Regulatory Event, Tax Event or Rating  
Event*)): [Not Applicable/The exchange provisions set out in  
Condition 16.4(b)(B) apply to *[identify relevant events]*]

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

Signed on behalf of UnipolSai Assicurazioni S.p.A.:

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [ ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [others] and listing on [others] with effect from [ ].]

[Not Applicable.]

(ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: [Not Applicable – The Notes to be issued are not expected to be rated]

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details]] by [insert the legal name of the relevant credit rating agency entit[y/ies] and associated defined terms].

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*(Insert one (or more) of the following options, as applicable.)*

#### **Option 1 - CRA established in the EEA and registered under the CRA Regulation**

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “CRA Regulation”).

#### **Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration**

[Insert legal name of particular credit rating agency entity

*providing rating*] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]/[European Securities and Markets Authority].

***Option 3 - CRA established in the EEA, not registered under the CRA Regulation and not applied for registration***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 4 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 5 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 6 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

[In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is



provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

### 4. YIELD (*Fixed Rate Notes only*) [Not Applicable]

Indication of yield: [ ]

### 5. OPERATIONAL INFORMATION

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

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

(iv) Delivery: Delivery [against/free of] payment

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

(vi) Deemed delivery of clearing system notices for the purposes of Condition 15 (*Notices*): Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

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

upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 6. DISTRIBUTION

- |        |  |  |
|--------|--|--|
| (i)    | Method of distribution:                      | [Syndicated/Non-syndicated]  |
| (ii)   | If syndicated, names of Managers:            | [Not Applicable/ <i>give names</i> ]                                     |
| (iii)  | Date of [Subscription] Agreement:            | [            ]/[Not Applicable]  |
| (iv)   | Stabilising Manager(s) (if any):             | [Not Applicable/ <i>give name</i> ]                                      |
| (v)    | If non-syndicated, name of relevant Dealer:  | [Not Applicable/ <i>give name</i> ]                                      |
| (vi)   | U.S. Selling Restrictions:                   | Reg. S Compliance Category [1/2]; [TEFRA D/TEFRA C/TEFRA not applicable] |
| (vii)  | Stabilising Manager(s) (if any):             | [Not Applicable/ <i>give name</i> ]                                      |
| (viii) | If non-syndicated, name of relevant Dealer:  | [Not Applicable/ <i>give name</i> ]                                      |
| (ix)   | U.S. Selling Restrictions:                   | Reg. S Compliance Category [1/2]; [TEFRA D/TEFRA C/TEFRA not applicable] |
| (x)    | Prohibition of Sales to EEA Retail Investors | [Applicable/Not Applicable]  |

*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared "Applicable" should be specified.)*

## TERMS AND CONDITIONS OF SENIOR NOTES

*The following are the Terms and Conditions of the Senior Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by UnipolSai Assicurazioni S.p.A. (**UnipolSai** or the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 2 February 2018 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) for the purposes of this Note. References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 2 February 2018

and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

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

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

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

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

such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## **2. Status of the Notes**

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations of the Issuer, from time to time outstanding.

## **3. Negative Pledge**

So long as any of the Notes remains outstanding, the Issuer will not create or permit to subsist any Security Interest (other than Permitted Encumbrances) upon, or with respect to, any of its present or future business, undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

As used herein:

**Permitted Encumbrances** means:

- (a) any Security arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer; or
- (b) any Security in existence as at the date of issuance of the Notes;

**Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any bonds, notes, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness; and

**Security Interest** means any mortgage, lien, pledge, charge or other security interest.

## **4. Interest**

### **4.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date)



to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

As used herein:

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

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## **4.2 Interest on Floating Rate Notes**

### **(a) Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred;
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

**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 each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), ISDA Rate for an **Interest Period** means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is as the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

**Calculation Agent** means the Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amounts as may be specified in the relevant Final Terms.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London inter-bank offered rate (**LIBOR**) or the Euro-zone inter-bank offered rate (**EURIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of subparagraph (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. In particular, if the Relevant Screen Page is not available or if, in the case of subparagraph (ii)(A) above, no offered quotation appears or, in the case of subparagraph (ii)(B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

For the purpose of this Condition 4.2(b),

**Reference Banks** means in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent; and

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)]] + (D_2 - D_1)}{360}$$

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)]] + (D_2 - D_1)}{360}$$

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)]] + (D_2 - D_1)}{360}$$

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(e) *Linear Interpolation*

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

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression **Luxembourg Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

#### 4.3 *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 4.2 (*Interest on Floating Rate Notes*) by the Calculation Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### 4.4 *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 payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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



- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

## **5. Payments**

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

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

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

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

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become

void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon, provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

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

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

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

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

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

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **5.5 *Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) is:

- (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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation;
  - (ii) in each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 5.6 *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes (as defined in Condition 6.5 (*Early Redemption Amounts*));
- (d) the Optional Redemption Amount (Call) or Optional Redemption Amount (Put) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5 (*Early Redemption Amounts*)); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

## 6. **Redemption and Purchase**

### 6.1 **Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount together with accrued interest in the relevant Specified Currency on the Maturity Date.

**Final Redemption Amount** means the amount specified in the applicable Final Terms. The Final Redemption Amount will always be at least 100 per cent. of the nominal amount of the Notes.

### 6.2 **Redemption for tax reasons**

- (a) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving

not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if (x) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (y) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (i) a certificate signed by a duly authorised representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (c) Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount (as defined in Condition 6.5 (*Early Redemption Amounts*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **6.3 Redemption at the option of the Issuer (Issuer Call)**

- (a) This Condition 6.3 applies to Notes only and if Issuer Call is specified in the applicable Final Terms as being applicable.
- (b) If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (or some only) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount (Call) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

**Optional Redemption Date** means each date indicated as such in the applicable Final Terms.

**Optional Redemption Amount (Call)** means the amount specified in the applicable Final Terms.

- (c) Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.
- (d) In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the Selection Date).

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this

Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) at least five days prior to the Selection Date.

#### **6.4 Redemption at the option of the Noteholders (Investor Put)**

- (a) This Condition 6.4 applies to Notes only and if Investor Put is specified in the applicable Final Terms as being applicable.
- (b) Upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Note on an (the) Optional Redemption Date (Put) and at the Optional Redemption Amount (Put) together, if appropriate, with interest accrued to (but excluding) such Optional Redemption Date (Put).

To exercise the right to require redemption of the Note, the holder of the Note must, if the Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by the Note or evidence satisfactory to the Paying Agent that the Note will, following delivery of the Put Notice, be held to its order or under its control. If the Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Note the holder of the Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the date of redemption, an Enforcement Event has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9 (*Enforcement Events*).

**Optional Redemption Date (Put)** means each date (or, if there is only one such date, the date) indicated as such in the applicable Final Terms.

**Optional Redemption Amount (Put)** means the amount specified in the applicable Final Terms.

#### **6.5 Early Redemption Amounts**

For the purpose of Condition 6.2 (*Redemption for tax reasons*) and Condition 9 (*Enforcement Events*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^Y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

**Early Redemption Amount** means the amount specified in the applicable Final Terms.

#### **6.6 Purchases**

The Issuer or any of its Subsidiary may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 6.6 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.

#### **6.7 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.6 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

#### **6.8 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at Maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.4 (*Redemption at the option of the Noteholders (Investor Put)*) or upon its becoming due and repayable as provided in Condition 9 (*Enforcement Events*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (b) of Condition 6.5 (*Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).



## 7. Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the Republic of Italy;
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon;
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*));
- (d) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (e) presented for payment by or on behalf of a non-Italian resident, to the extent that interest or any other amounts is paid to a non-Italian resident which is resident in a country that does not allow for a satisfactory exchange of information with the Republic of Italy;
- (f) for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (Decree No. 239) as amended and/or supplemented or any regulations implementing or complying with such Decree
- (g) with respect to any Notes qualifying as "atypical" securities (*titoli atipici*), where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted with amendments by Law No. 649 of 25 November 1983, as subsequently amended and/or supplemented; or
- (h) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the Code, any laws, regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Tax Jurisdiction** means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 8 (*Prescription*).

## 8. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

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

## 9. Enforcement Events

If any one or more of the following events (each an **Enforcement Event**) shall occur and be continuing:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest;
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of a written notice requiring the same to be remedied;
- (c) if either (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described), or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period), or (iii) any security given by the Issuer or any of its Material Subsidiaries becomes enforceable and steps are taken to enforce the same, or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), provided that an Enforcement Event shall not occur pursuant to any of subparagraphs (i), (ii), (iii) and (iv):
  - (A) if and for so long as the Issuer or the relevant Material Subsidiary, as the case may be, is contesting in good faith in a competent court in a recognised jurisdiction that the relevant Indebtedness for Borrowed Money or such security, guarantee or indemnity shall be due and enforceable, as appropriate; or
  - (B) unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall exceed Euro 50,000,000;
- (d) an order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, otherwise than for the purpose of (i) a Permitted Reorganisation; or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement);
- (e) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of (i) a Permitted Reorganisation or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution, provided that, for the purposes of this paragraph (e), a **substantial part** of an entity's business shall mean a part of the relevant entity's business which accounts for 20 per cent. or more of the Group's consolidated

assets and/or revenues as evidenced by its most recently available and duly approved audited consolidated financial statements;

- (f) if (A) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation (*liquidazione coatta*), insolvency (*fallimento*), composition (*concordato preventivo*), reorganisation (*amministrazione straordinaria*) or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver (*curatore*), manager, administrator (*commissario straordinario o liquidatore*) or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 60 days, provided that, for the purposes of this paragraph (f), a **substantial part** of an entity's business shall mean a part of the relevant entity's business which accounts for 20 per cent. or more of the Group's consolidated assets and/or revenues as evidenced by its most recently available and duly approved audited consolidated financial statements; or
- (g) if the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation (save for, in the case of liquidation only, the purposes of a Permitted Reorganisation or other similar laws (including the obtaining of a moratorium)) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any money borrowed or raised;

**Material Subsidiary** means at any time a Subsidiary of the Issuer:

- (a) whose net revenues or net assets (in each case, consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated net revenues of the Issuer, or, as the case may be, consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to

such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer; or

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall, upon such transfer, become a Material Subsidiary in each case pursuant to this Condition 9 (*Enforcement Events*); provided further that the provisions of paragraph (a) above shall apply, commencing on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period in which such transfer has occurred have been prepared and audited as described in paragraph (a) above, to determine whether such Subsidiaries become or remain Material Subsidiaries.

A report by two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties;

**Permitted Reorganisation** means:

- (a) in respect of the Issuer, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar arrangements (including, without limitation, leasing of the assets or going concern) of the Issuer which is part of a related sequence of events whereby, during or upon completion of the sequence, all or substantially all of the assets and liabilities of the Issuer, including the rights and obligations of the Issuer under or in respect of the Notes, the Agency Agreement and the Deed of Covenant, will be assumed in accordance with applicable law by a Person which, immediately after such assumption, is a member of the group consisting of the Issuer and its consolidated Subsidiaries; and
- (b) in respect of any Material Subsidiary, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar arrangements (including, without limitation, leasing of the assets or going concern) of the relevant Material Subsidiary under which all or substantially all of its assets and liabilities are transferred, sold, contributed, assigned or otherwise vested in the Issuer or any of its other Subsidiaries in accordance with applicable law,

which, in any such case, does not result in a Ratings Downgrade;

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

**Rating Agencies** means Moody's Investors Services Inc (**Moody's**) and/or Fitch Ratings (**Fitch**), or any of their successors;

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

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

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

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

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

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

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

## 10. Replacement of Notes Coupons and Talons

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

## 11. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

- (a) there will at all times be an 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 a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 13 (*Notices*).

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

## **12. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

## **13. Notices**

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

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



manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **14. Meetings of Noteholders**

##### **14.1 *Meetings of Noteholders***

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

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

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

## 14.2 *Noteholder's Representative*

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

## 14.3 *Modification*

The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to make any modification which is, in the opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless, in each case in the opinion of the Issuer, it is of a formal, minor or technical nature or it is made to correct a manifest or proven error or it is not materially prejudicial to the interests of the Noteholders.

## 15. **Further Issues**

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

## 16. **Substitution**

The Issuer may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons, any duly incorporated Subsidiary of the Issuer (each a **Substituted Debtor**) as Issuer (the **Substitution**), subject to the following:

- (a) immediately prior to the Substitution, no payment in respect of the Notes and the Coupons being overdue and no Enforcement Event having occurred and being continuing in respect of the Notes and the Coupons;
- (b) the execution by the Substituted Debtor and, where applicable, by the other parties to the Agency Agreement and the Deed of Covenant, of a deed poll and such other documents (if any) as may be necessary to give full effect to the Substitution (together, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer;
- (c) the execution by the Issuer of a deed of guarantee (the **Guarantee**), substantially in the form attached to the Agency Agreement, in favour of the Noteholders and Couponholders in respect of all the obligations of the Substituted Debtor under the Notes and the Coupons;
- (d) the agreement by the Substituted Debtor in the Documents to indemnify each Noteholder and Couponholder against:

- (i) any tax, duty, assessment or governmental charge which is imposed on such Noteholder and Couponholder by (or by any authority in or of) in the Republic of Italy with respect to any Note or Coupon and which would not have been so imposed had the Substitution not been made; and
  - (ii) any tax, duty, assessment or governmental charge, and any cost or expense payable in connection with the Substitution;
- (e) the Documents containing a representation and warranty by each of the Issuer and the Substituted Debtor that:
  - (i) it is validly incorporated and in good standing under the laws of its jurisdiction of incorporation;
  - (ii) it has obtained all necessary governmental and regulatory approvals and consents for the Substitution and for the performance of its obligations under the Documents and that all such approvals and consents are in full force and effect;
  - (iii) all other actions, conditions and things required to be taken, fulfilled and done to ensure that the Documents, the Notes and the Coupons (and, in the case of the Issuer, the Guarantee) and the obligations assumed by it thereunder represent legal, valid and binding obligations of the Substituted Debtor or the Issuer, as the case may be, enforceable by each Noteholder and Couponholder in accordance with their respective terms and subject to applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, have been taken, fulfilled and done and are in full force and effect; and
  - (iv) the Noteholders and Couponholders will not become subject to any tax, duty, assessment, governmental charge or other adverse tax consequences as a result of the Substitution, except as may be subject to the indemnity provided for in Condition 16(d) above;
- (f) the delivery of legal opinion(s) addressed to the Agent, to be made available upon request to the Noteholders and Couponholders, from a lawyer or firm(s) of lawyers with a leading securities practice in the Republic of Italy, confirming that (i) the conditions contained in Conditions 16(b), 16(c), 16(d) and 16(e) above have been fulfilled and (ii) the Documents and the Guarantee, where applicable, constitute legal, valid, binding and enforceable obligations of each of the Issuer and the Substituted Debtor and that each of the Issuer and the Substituted Debtor has the power to enter into and perform the obligations to be assumed by it pursuant to the Documents and the Guarantee, to the extent applicable to it;
- (g) confirmation from the relevant stock exchange (if any) that, following the proposed Substitution, the Notes will continue to be listed on such stock exchange;
- (h) the giving by the Issuer of at least 14 days' prior notice of the Substitution to the Noteholders, in accordance with Condition 13 (*Notices*), stating that "copies, or, pending execution, the agreed text, of all documents in relation to the Substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents";
- (i) if the existing Notes were rated by a Rating Agency prior to the Substitution, written confirmation from such Rating Agency that, after giving effect to the Substitution, (i) the Notes shall continue to be rated the same as immediately prior to the Substitution or (ii) in the case of Notes which have not been assigned a credit rating, the relevant Substituted Debtor or the Notes will be assigned at least the same credit rating as the credit rating of the Issuer immediately prior to

whichever is the earlier of (I) the Substitution, (II) the first public announcement of the Substitution or (III) the first public announcement of any proposal, agreement or arrangement that resulted, directly or indirectly, in the Substitution; and

- (j) the delivery to the Agent of a certificate of solvency of the Substituted Debtor addressed to the Noteholders and signed by two directors of the Substituted Debtor.

By subscribing to, or otherwise acquiring the Notes, the Noteholders expressly consent to the substitution of the Issuer in accordance with the provisions of this Condition 16 and to the release of the Issuer from any and all obligations in respect of the Notes and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.

## **17. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. Governing Law and Submission to Jurisdiction**

### **18.1 Governing law**

The Agency Agreement, the Deed of Covenant, 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, English law.

Condition 14 (*Meetings of Noteholders*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with the laws of the Republic of Italy.

### **18.2 Submission to jurisdiction**

- (a) Subject to subparagraph (c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 18.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, and (ii) concurrent proceedings in any number of jurisdictions.

### **18.3 Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## TERMS AND CONDITIONS OF TIER 2 NOTES

*The following are the Terms and Conditions of the Tier 2 Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by UnipolSai Assicurazioni S.p.A. (**UnipolSai** or the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 2 February 2018 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) for the purposes of this Note. References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 2 February 2018 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).



Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

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

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Reset Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached.

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

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



Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## **2. Status of the Notes**

### **2.1 Subordination**

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

- (a) junior to (x) any Senior Notes; (y) any other unsubordinated obligations of the Issuer (including policyholders of the Issuer); and (z) any other subordinated obligations of the Issuer which rank, or are expressed to rank, senior to the Notes;
- (b) at least equally with all other subordinated obligations of the Issuer having a specified maturity date (save for those that rank, or are expressed to rank, senior or junior to the Notes) and any other subordinated obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes (including all other dated subordinated obligations qualifying as Tier 2 Own Funds, including as a result of grandfathering); and
- (c) senior to the Issuer's payment obligations in respect of (x) any Junior Securities and (y) any other subordinated obligation of the Issuer which are or would, but for any applicable limitation on the amount of such capital, be eligible for a regulatory treatment as Tier 1 Own Funds, including as a result of grandfathering,

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

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

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

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

**Senior Notes** means unsubordinated notes issued by UnipolSai that are expressed to be Senior Notes in the relevant Final Terms.

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

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

**Solvency II Regulations** means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of the business of insurance and reinsurance (Solvency II).

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

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

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

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

## **3. Deferral of Interest**

### **3.1 Optional Deferral of Interest**

- (a) This Condition 3.1 shall apply if the applicable Final Terms state Optional Deferral of Interest applies.
- (b) If the Optional Deferral Conditions are met on an Interest Payment Date, the Issuer may elect, by giving notice to the Noteholders pursuant to Condition 3.5 (*Notice of Interest Deferral*) below, to defer payment of all (or some only) of the interest accrued to such Interest Payment Date.

**Optional Deferral Conditions** shall be met on an Interest Payment Date if the Optional Deferral Trigger has occurred with reference to such Interest Payment Date.

**Optional Deferral Trigger**, in respect of an Interest Payment Date, means that no Mandatory Deferral Trigger is occurring as at such Interest Payment Date and prior to which, during the Look Back Period preceding such Interest Payment Date, none of the following has occurred:

- (i) a dividend or other distribution has been declared, made or approved or set aside for payment in respect of any Relevant Securities (other than a Permitted Distribution or a declaration, payment or distribution on Relevant Securities which is mandatory in accordance with the terms and conditions of such security); or
- (ii) UnipolSai or any of its Subsidiaries has redeemed, repurchased or acquired any Relevant Securities (other than a Permitted Repurchase or a redemption, repurchase or acquisition of Relevant Securities which is mandatory in accordance with the terms and conditions of such security or any redemption, repurchase or acquisition made below par),

provided that the Optional Deferral Trigger shall be deemed to have occurred notwithstanding a partial distribution has been declared, made, approved or set aside for payment in respect of a Parity Security during the Look Back Period, provided that in this case interest on the Notes shall be deferred only partially and in the same proportion that the distribution that remains unpaid on such Parity Security bears to the full amount of distribution scheduled to be paid on such Parity Security.

- (c) If the Issuer elects to defer an interest payment pursuant to this Condition 3.1, it shall not have any obligation to make such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

### 3.2 *Mandatory Deferral of Interest*

- (a) If the Mandatory Deferral Conditions are met on an Interest Payment Date, the Issuer must, by giving notice to the Noteholders pursuant to Condition 3.5 (*Notice of Interest Deferral*) below, defer payment of all of the interest accrued to such Interest Payment Date.

**Mandatory Deferral Conditions** shall be met on an Interest Payment Date if the Mandatory Deferral Trigger has occurred with reference to such Interest Payment Date.

- (b) If the Issuer is required to defer an interest payment pursuant to this Condition 3.2, it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

### 3.3 *Relevant definitions*

For the purposes of these Conditions:

- (a) **Look Back Period** means, as indicated in the applicable Final Terms, either Look Back Period A or Look Back Period B.
- (b) **Look Back Period A** means the six-month (or three-month for Relevant Securities (other than shares) where remuneration is paid every three months) period prior to the relevant Interest Payment Date.
- (c) **Look Back Period B** means the 12-month (or six-month or three-month, respectively, for Relevant Securities (other than shares) where remuneration is paid every 6 months or 3 months, respectively) period prior to the relevant Interest Payment Date.
- (d) **Mandatory Deferral Trigger** means, in respect of an Interest Payment Date, that a Regulatory Deficiency is continuing on such Interest Payment Date, or payment of interest accrued to such Interest Payment Date (and, if relevant, any Arrears of Interest) would itself cause a Regulatory Deficiency provided, however, that a Mandatory Deferral Trigger will not have occurred in relation to such payment of interest and, if relevant, Arrears of Interest (or such part thereof) on such Interest Payment Date if, cumulatively:
- (i) such Regulatory Deficiency is of the type described in paragraph (ii) of the definition of Regulatory Deficiency;
  - (ii) the Lead Regulator has exceptionally waived the deferral of such interest payment (and, if relevant, any Arrears of Interest);
  - (iii) the Lead Regulator has confirmed to the Issuer that it is satisfied that payment of such interest (and, if relevant, any Arrears of Interest) would not further weaken the solvency position of the Issuer; and
  - (iv) the Minimum Capital Requirement will be complied with immediately following payment of such interest (and, if relevant, any Arrears of Interest) is made.
- (e) **Minimum Capital Requirement** means the Minimum Capital Requirement of the Issuer on a solo basis, or the minimum for the group Solvency Capital Requirement or the minimum consolidated group Solvency Capital Requirement (as applicable) defined and/or referred to in the Applicable Regulations: (x) of the Issuer; and/or (y) for so long as the Issuer is not required under Applicable Regulations to report capital requirements on a group basis and/or for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 2

February 2018, Unipol Gruppo S.p.A.), of the Issuer's parent company (calculated on the basis of its Solvency II scope of consolidation).

- (f) **Parity Securities** means (a) any subordinated note or bond issued by the Issuer or other securities issued by or other obligations of the Issuer which rank or are expressed to rank equally with the Notes; or (b) any subordinated note or bond issued by the Issuer or other securities issued by a Subsidiary of the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which guarantee or instrument ranks or is expressed to rank equally with the Notes.
- (g) **Permitted Distribution** means payment of interest on any Parity Security or on any *pari passu* claim rateably and in proportion to the respective amounts as at such Interest Payment Date of (x) accrued and unpaid interest on such Parity Security or, as the case may be, such *pari passu* claim, on the one hand; and (y) accrued and unpaid interest on the Notes, on the other hand.
- (h) **Permitted Repurchase** means any redemption, repurchase or other acquisition relating to or as a result of (1) any redemption, repurchase or other acquisition of Relevant Securities held by any member of the UnipolSai Group; (2) a reclassification of the equity share capital of UnipolSai or any of its Subsidiaries, or the exchange or conversion of one class or series of equity share capital of UnipolSai or any of its Subsidiaries for another class or series of equity share capital; (3) the purchase of fractional interests in the share capital of UnipolSai or any of its Subsidiaries pursuant to the conversion or exchange provisions of such security being converted or exchanged; (4) any redemption or other acquisition of Junior Securities of UnipolSai in connection with a levy or execution for satisfaction of a claim by UnipolSai or any of its Subsidiaries; or (5) any redemption or other acquisition of Junior Securities of UnipolSai in connection with the satisfaction by UnipolSai or any of its Subsidiaries of obligations under any employee benefit plan or similar arrangement.
- (i) **A Regulatory Deficiency** shall be deemed to have occurred if:
  - (i) payment of the relevant interest and/or Arrears of Interest may cause the insolvency of the Issuer or may accelerate the process of the Issuer becoming insolvent in accordance with the provisions of the relevant insolvency laws and rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer from time to time;
  - (ii) there is non-compliance with the Solvency Capital Requirement at the time for payment of the relevant interest and/or Arrears of Interest, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such payment;
  - (iii) there is non-compliance with the Minimum Capital Requirement at the time for payment of the relevant interest and/or Arrears of Interest, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such payment; and/or
  - (iv) the Issuer is for any other reason otherwise required by the Applicable Regulations at the relevant time to defer payment of interest and/or Arrears of Interest.
- (j) **Relevant Securities** means, as stated in the applicable Final Terms: (a) the Junior Securities and the Parity Securities; or (b) the Junior Securities.
- (k) **Solvency Capital Requirement** means the Solvency Capital Requirement of the Issuer on a solo basis, or the group Solvency Capital Requirement defined and/or referred to in the Applicable Regulations: (x) of the Issuer; and/or (y) for so long as the Issuer is not required under Applicable Regulations to report capital requirements on a group basis and/or for so long as the Issuer falls within the Solvency II scope of consolidation of its parent company (being as at 2 February 2018,

Unipol Gruppo S.p.A.), of the Issuer's parent company (calculated on the basis of its Solvency II scope of consolidation).

### 3.4 *Arrears of Interest*

Any unpaid amounts of interest that have been deferred pursuant to Condition 3.1 (*Optional Deferral of Interest*) or Condition 3.2 (*Mandatory Deferral of Interest*) will constitute arrears of interest (**Arrears of Interest**). Arrears of Interest does not accrue interest.

### 3.5 *Notice of Interest Deferral*

- (a) The Issuer shall give not less than five days' prior notice to the Paying Agents and to the Noteholders in accordance with Condition 14 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of Condition 3.1 (*Optional Deferral of Interest*), it elects to defer interest and such notice shall include a confirmation of the Issuer's entitlement to defer interest, together with details of the amount of interest to be deferred on such Interest Payment Date and the amount of interest (if any) to be paid on such Interest Payment Date.
- (b) The Issuer shall give notice to the Paying Agents and to the Noteholders in accordance with Condition 14 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of Condition 3.2 (*Mandatory Deferral of Interest*), it is required to defer interest and such notice shall include a confirmation of the Issuer's obligation to defer. Such notice shall be given by the Issuer as soon as reasonably practicable and, in any event, no later than three days following the relevant Interest Payment Date on which interest is deferred, provided that any failure to deliver such notice shall not invalidate the relevant deferral of interest.

### 3.6 *Settlement of Arrears of Interest*

#### (a) *Optional payment of Arrears of Interest*

Arrears of Interest may be paid in whole or in part, at any time at the option of the Issuer and subject to the provisions of Condition 3.2 (*Mandatory Deferral of Interest*) and subject to any notifications to, or consent from (if and to the extent applicable) the Lead Regulator.

#### (b) *Mandatory payment of Arrears of Interest*

Arrears of Interest shall become due and payable on the earliest of:

- (x) the next Interest Payment Date on which neither the Optional Deferral Conditions nor the Mandatory Deferral Conditions are met;
- (y) the date fixed for any redemption of the Notes pursuant to, as the case may be, Condition 6.1 (*Redemption at Maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*); or
- (z) the date on which any winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of UnipolSai is commenced or on which the Issuer becomes subject to a liquidation order,

subject to any notifications to, or consent from (in either case if and to the extent applicable) the Lead Regulator.

(c) *Notice of payment of Arrears of Interest*

The Issuer shall give not less than five days' prior notice to the Paying Agents and to the Noteholders in accordance with Condition 14 (*Notices*) of any date on which any amount of Arrears of Interest will be paid in accordance with this Condition 3.6, provided that if it is not practicable to deliver such notice at least 5 days prior to the relevant payment date, such notice shall be delivered as soon as practicable thereafter.

**4. Interest**

**4.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date (or, if Change of Interest Basis applies, the date from which Fixed Rate of Interest applies, as provided in the applicable Final Terms) at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable – subject to the provisions of Condition 3.1 (*Optional Deferral of Interest*) and Condition 3.2 (*Mandatory Deferral of Interest*) – in arrear on the Interest Payment Date(s) in each year (if Change of Interest Basis applies, up to (and including) the final Interest Payment Date in respect of which Fixed Rate of Interest applies, as provided in the applicable Final Terms). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:



- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

As used herein:

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

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 4.2 ***Interest on Reset Notes***

### (a) ***Initial Interest Provisions***

Reset Notes bear interest from, and including, the Interest Commencement Date to, but excluding, the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Issue Date), at the Initial Rate of Interest payable – subject to the provisions of Condition 3.1 (*Optional Deferral of Interest*) and Condition 3.2 (*Mandatory Deferral of Interest*) – in arrear on the Interest Payment Date(s) specified in the Final Terms.

### (b) ***Interest Basis Reset Provisions***

The Notes will bear interest in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter) at the relevant Reset Rate (as will be determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 4.2) payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) specified in the Final Terms.

**Calculation Agent** means the Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amounts as may be specified in the relevant Final Terms.

(c) *Accrual of interest*

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4.2 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

As used in these Conditions:

**Initial Margin** has the meaning specified in the Final Terms.

**Mid Swap Benchmark Rate** means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro.

**Mid Swap Maturity** has the meaning specified in the Final Terms.

**Mid Swap Rate** means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term equal to the relevant Reset Period commencing on the relevant Reset Date; (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

**Reference Bond** means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period.

**Reference Bond Price** means, with respect to any Reset Determination Date (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or (B) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

**Reference Government Bond Dealer** means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors; or (B) market makers in pricing corporate bond issues.

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as

a percentage of its nominal amount) at or around the Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

**Reset Date(s)** means the date(s) specified in the Final Terms.

**Reset Determination Date** means, for each Reset Period, the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined.

**Reset Margin** means the margin specified as such in the Final Terms.

**Reset Period** means the period from (and including) the first Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date up to (but excluding) the Maturity Date (if any).

**Reset Rate** for any Reset Period means the sum of (i) the applicable Reset Reference Rate and (ii) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down).

**Reset Rate Screen Page** has the meaning specified in the Final Terms.

**Reset Rate Time** has the meaning specified in the Final Terms.

**Reset Reference Rate** means either:

- (A) if "Mid Swaps" is specified in the Final Terms, the Mid Swap Rate displayed on the Reset Rate Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (B) if "Reference Bond" is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

(d) **Reset Rate Screen Page**

If the Reset Rate Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reset Reference Rate at approximately the Reset Rate Time on the Reset Determination Date in question if two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the foregoing provisions of this Condition 4.2, or if on any Reset Determination Date the Calculation Agent is unable to obtain a Reference Bond Price in accordance with the foregoing provisions of this Condition 4.2, the Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Reset Rate shall be equal to the Initial Rate of Interest minus the Initial Margin plus the Reset Margin.

For the purpose of this Condition 4.2,

**Reference Banks** means four (or, if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the swap, money, securities or other market most closely connected with the Reset Reference Rate; and

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(e) *Calculation of Interest Amount*

The Calculation Agent will calculate the Interest Amount payable on the Reset Notes for each relevant period (in the case of Interest Periods falling after the Reset Date, as soon as practicable after the time at which the Reset Reference Rate is to be determined in relation to such Reset Interest Period) by applying the Initial Rate of Interest or the applicable Reset Rate (as the case may be) to the Calculation Amount and multiplying the product by the relevant Day Count Fraction (as defined in Condition 4.1 (*Interest on Fixed Rate Notes*)) and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(f) *Publication*

The Calculation Agent will cause the Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders.

#### 4.3 *Interest on Floating Rate Notes*

(a) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date (or, if Change of Interest Basis applies, the date from which Floating Rate of Interest applies, as provided in the applicable Final Terms) and such interest will be payable – subject to the provisions of Condition 3.1 (*Optional Deferral of Interest*) and Condition 3.2 (*Mandatory Deferral of Interest*) – in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the

last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred;

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

**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 each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), ISDA Rate for an **Interest Period** means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is as the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

**Calculation Agent** means the Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amounts as may be specified in the relevant Final Terms.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London inter-bank offered rate (**LIBOR**) or the Euro-zone inter-bank offered rate (**EURIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. In particular, if the Relevant Screen Page is not available or if, in the case of subparagraph (ii)(A) above, no offered quotation appears or, in the case of subparagraph (ii)(B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

For the purpose of this Condition 4.3 (b), **Reference Banks** means in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.



(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.3:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(e) *Linear Interpolation*

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

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression **Luxembourg Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

#### 4.4 *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 4.2 (*Interest on Reset Notes*) or Condition 4.3 (*Interest on Floating Rate Notes*), by the Calculation Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in

connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **4.5     *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 payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

### **5.     **Payments****

#### **5.1     *Method of payment***

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

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

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

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the

manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon, provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

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

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

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

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

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

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 5.5 *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9 (*Prescription*)) is:

- (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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation;
  - (ii) in each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 5.6 *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the Notes;
- (b) the Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount (if any) of the Notes; and
- (d) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

**Early Redemption Amount** means, as applicable, the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory), Early Redemption Amount (Rating) or Early Redemption Amount (Enforcement Event).

## 6. **Redemption and Purchase**

### 6.1 *Redemption at Maturity*

- (a) Unless previously redeemed or purchased and cancelled, the Notes will, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be redeemed at their Final Redemption Amount together with accrued interest by the Issuer in the relevant Specified Currency on the Maturity Date.



- (b) The Notes may not be redeemed at the option of Noteholders.

**Final Redemption Amount** means the amount specified in the applicable Final Terms. The Final Redemption Amount will always be at least 100 per cent. of the nominal amount of the Notes.

## 6.2 *Redemption for tax reasons*

- (a) The Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option redeem the Notes in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14 (*Notices*), to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable), if:
- (i) (x) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes; and (y) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
  - (ii) (x) deductibility of interest payable by the Issuer in respect of the Notes is materially reduced for income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Tax Jurisdiction, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes; and (y) such non-deductibility cannot be avoided by the Issuer taking reasonable measures available to it,

(each of (i) and (ii) a **Tax Event**),

*provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be, in the case of (A), obliged to pay such additional amounts if a payment in respect of the Notes were then due or, in the case of (B), unable to deduct such amounts for income tax purposes.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (i) a certificate signed by a duly authorised representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or, in the case of (B), the Issuer is unable to deduct such amounts for income tax purposes, in each case, as a result of such change or amendment.
- (c) Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount (Tax) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**Early Redemption Amount (Tax)** means the amount specified in the applicable Final Terms (where if Make Whole Amount is specified, it shall have the meaning given in Condition 6.6 (*Early Redemption Amounts*) below), provided that if the Issuer Call is specified in the applicable Final Terms as being applicable and the scheduled optional redemption date of the Notes falls on or after the Optional Redemption Date (Call), the Early Redemption Amount (Tax) shall equal the Optional Redemption Amount.

### 6.3 *Redemption at the option of the Issuer (Issuer Call)*

- (a) This Condition 6.3 applies to Notes only and if Issuer Call is specified in the applicable Final Terms as being applicable.
- (b) If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

**Optional Redemption Date** means each date indicated as such in the applicable Final Terms, the first such date being the **Optional Redemption Date (Call)**.

**Optional Redemption Amount** means the amount specified in the applicable Final Terms.

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

- (a) This Condition 6.4 applies to Notes only and if Regulatory Event is specified in the applicable Final Terms as being applicable.
- (b) If at any time UnipolSai determines that a Regulatory Event has occurred with respect to the Notes, the Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option, redeem the Notes in whole but not in part at any time (if this Note is not a Floating Rate Note or if the Floating Rate interest provisions do not apply in respect of the Interest Period in which the date fixed for redemption falls) or on any Interest Payment Date (if this Note is a Floating Rate Note or if the Floating Rate interest provisions apply in respect of the Interest Period in which the date fixed for redemption falls), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14 (*Notices*), to the Noteholders (which notice shall – subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*) – be irrevocable).

**Regulatory Event** means that as a result of any replacement or change to (or change in the interpretation by any competent court or authority of) the Applicable Regulations after the Issue Date of the last Tranche of the Notes, the Notes (in whole or in part) are no longer capable of qualifying as at least Tier 2 Own-Funds of the Issuer, on a solo or group basis (including, for so long as the Issuer is included in the Solvency II scope of consolidation of Unipol Gruppo S.p.A., for the purposes of Unipol Gruppo S.p.A. on a group basis), except where this is merely the result of exceeding any then applicable limits on the inclusion of the Notes as Tier 2 Own Funds.

- (c) Notes redeemed pursuant to this Condition 6.4 will be redeemed at their Early Redemption Amount (Regulatory) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**Early Redemption Amount (Regulatory)** means the amount specified in the applicable Final Terms (where, if Make Whole Amount is specified, it shall have the meaning given in Condition 6.6 (*Early Redemption Amounts*) below), provided that if the Issuer Call is specified in the applicable Final Terms as being applicable and the scheduled optional redemption date of the Notes falls on or after the Optional Redemption Date (Call), the Early Redemption Amount (Regulatory) shall equal the Optional Redemption Amount.

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

- (a) This Condition 6.5 applies to Notes only if Rating Event is specified in the applicable Final Terms as being applicable.
- (b) If at any time UnipolSai determines that a Rating Event has occurred with respect to the Notes, the Issuer may, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), at its option redeem the Notes in whole but not in part at any time (if this Note is not a Floating Rate Note or if the Floating Rate interest provisions do not apply in respect of the Interest Period in which the date fixed for redemption falls) or on any Interest Payment Date (if this Note is a Floating Rate Note or if the Floating Rate interest provisions apply in respect of the Interest Period in which the date fixed for redemption falls), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14 (*Notices*), to the Noteholders (which notice shall, subject to the provisions of Condition 7 (*Conditions for Redemption and Purchase*), be irrevocable).

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

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

Prior to the publication of any notice of redemption pursuant to this Condition 6.5, the Issuer shall deliver or procure that there is delivered to the Agent a written communication from the relevant international statistical rating organisation confirming the change in the current methodology and a certificate signed by a duly authorised representative of the Issuer stating that the circumstances described in the definition of Rating Event have occurred.

- (c) Notes redeemed pursuant to this Condition 6.5 will be redeemed at their Early Redemption Amount (Rating) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**Early Redemption Amount (Rating)** means the amount specified in the applicable Final Terms (where if Make Whole Amount is specified, it shall have the meaning given in Condition 6.6 (*Early Redemption Amounts*) below), provided that if the Issuer Call is specified in the applicable Final Terms as being applicable and the scheduled optional redemption date of the Notes falls on or after the Optional Redemption Date (Call), the Early Redemption Amount (Rating) shall equal the Optional Redemption Amount.

## 6.6 *Early Redemption Amounts*

In relation to any early redemption of Notes pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*), the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory) or, as the case may be, the Early Redemption Amount (Rating) – if specified in the Final Terms to be the **Make Whole Amount** – shall be an amount calculated by the Calculation Agent equal to the higher of (x) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and (y) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a

360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin,

where:

**FA Selected Bond** means a government security or securities selected by the Calculation Agent as having an actual or interpolated maturity comparable with the remaining term to the first Optional Redemption Date of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to the first Optional Redemption Date of the Notes.

**Redemption Margin** shall be as set out in the applicable Final Terms.

**Redemption Date** means the date fixed for redemption of the Notes in accordance with Condition 6.2 (*Redemption for tax reasons*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*), as the case may be.

**Reference Bond** shall be as set out in the applicable Final Terms or the FA Selected Bond.

**Reference Bond Price** means, with respect to any date of redemption: (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or (B) if the Calculation Agent obtains fewer than five such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

**Reference Bond Rate** means, with respect to any Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Redemption Date.

**Reference Date** will be set out in the relevant notice of redemption.

**Reference Government Bond Dealer** means each of five banks selected by the Issuer or the Guarantor which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues.

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any Redemption Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term to the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date.

## **6.7 Purchases**

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

## 6.8 *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.7 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

## 7. **Conditions for Redemption and Purchase**

- (a) The redemption of Notes on the Maturity Date pursuant to Condition 6.1 (*Redemption at Maturity*), or any redemption of the Notes pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*) on the date fixed for redemption and any purchase of the Notes pursuant to Condition 6.7 (*Purchases*) is subject to the following conditions (**Conditions for Redemption and Purchase**):

- (i) the prior approval of the Lead Regulator has been obtained if such prior approval is required under the then Applicable Regulations, and such approval continues to be valid and effective as of the date fixed for redemption or purchase;
- (ii) the relevant date of any redemption of the Notes pursuant to, as the case may be, Condition 6.1 (*Redemption at Maturity*), Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*), Condition 6.5 (*Optional Redemption due to a Rating Event*) or of any purchase of the Notes pursuant to Condition 6.7 (*Purchases*) is after the fifth anniversary of the Issue Date, unless such redemption or purchase is funded out of the proceeds of, or the Notes are exchanged into, a new basic own fund item of the same or higher quality than the Notes;
- (iii) subject to Condition 7(c) below, the Solvency Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Capital Requirement to be breached;
- (iv) the Minimum Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Minimum Capital Requirement to be breached;
- (v) redemption or purchase of the Notes (as applicable) will not cause the insolvency of the Issuer or accelerate the process of the Issuer becoming insolvent, in accordance with the provisions of the relevant insolvency laws and rules applicable to the Issuer from time to time;
- (vi) in the event the Issuer is required under then prevailing Applicable Regulations to report capital requirements on a group basis, where any (re)insurance undertaking included in the scope of group supervision of the Issuer under the Applicable Regulations (a **Relevant Undertaking**) is subject to a Relevant Proceeding (as defined below) at the time of the proposed redemption, all claims owed by the Relevant Undertaking to its policyholders and beneficiaries have been met; and
- (vii) no other event has occurred which, under then prevailing Applicable Regulations, would require redemption or purchase of the Notes (as applicable) to be suspended,

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



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

- (b) In case the Conditions for Redemption and Purchase are not satisfied, unless Condition 7(c) applies, redemption of the Notes shall be suspended and:
- (i) the Maturity Date (in the case of a redemption of Notes on the scheduled maturity date pursuant to Condition 6.1 (*Redemption at Maturity*)) shall be postponed in accordance with the provisions set forth in Condition 7(d); and
  - (ii) the date fixed for optional redemption, in the case of an optional redemption pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*), shall be postponed in accordance with the provisions set forth in Condition 7(e),

in each case, regardless of any prior notice of redemption that may already have been delivered to the Noteholders and interest will, subject to Condition 3 (*Deferral of Interest*), continue to accrue on the principal amount outstanding of the Notes in accordance with Condition 4 (*Interest*) until such Notes are redeemed in full pursuant to these Conditions.

- (c) Notwithstanding the provisions of Condition 7(a) and of Condition 7(e), the Notes may be redeemed even though there is non-compliance with the Solvency Capital Requirement or if redemption or repayment would lead to such non-compliance, where all of the following conditions are met:
- (i) all of the Conditions for Redemption and Purchase are met other than that described in Condition 7(a)(iii);
  - (ii) the Lead Regulator has exceptionally waived the suspension of redemption of the Notes;
  - (iii) all, but not some only of the Notes are exchanged for or converted into another basic own-fund item of at least the same quality as the Notes; and
  - (iv) the Minimum Capital Requirement will be complied with immediately following such redemption,

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

- (d) If the Conditions for Redemption and Purchase are not satisfied in respect of a redemption on the Maturity Date pursuant to Condition 6.1, unless Condition 7(c) applies, redemption of the Notes will be suspended and the Maturity Date will be postponed to the earlier of:
- (A) the date notified by the Issuer on giving at least 5 Business Days' notice to the Noteholders in accordance with Condition 14 (*Notices*) following the day on which the Conditions for Redemption and Purchase are satisfied (and provided that the Conditions for Redemption and Purchase continue to be satisfied on the date of redemption); or



- (B) the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with, as the case may be, (aa) a resolution of the shareholders' meeting of the Issuer; (bb) any provision of the by-laws of the Issuer (currently, the duration of the Issuer is set at 31 December 2050 although, if this is extended, redemption of the Notes will be equivalently adjusted); or (cc) any applicable legal provision, or any decision of any jurisdictional or administrative authority.
- (e) Any redemption of Notes notified to Noteholders pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*) shall – unless Condition 7(c) applies – be suspended (in whole or in part), and the Issuer shall not be entitled to give any notice of redemption pursuant to the aforementioned Conditions, if the Conditions for Redemption and Purchase are not satisfied.

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

- (i) the date notified by the Issuer on giving at least 5 Business Days' notice to the Noteholders in accordance with Condition 14 (*Notices*) following the day on which the Conditions for Redemption and Purchase are satisfied (and provided that the Conditions for Redemption and Purchase continue to be satisfied on the date of redemption); or
- (ii) the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the duration of the Issuer is set at 31 December 2050 although, if this is extended, redemption of the Notes will be equivalently adjusted), as applicable; or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority.
- (f) Failure to redeem the Notes on the Maturity Date or on the date fixed for redemption pursuant to Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer*), Condition 6.4 (*Optional Redemption due to a Regulatory Event*) or Condition 6.5 (*Optional Redemption due to a Rating Event*) as a result of this Condition 7 shall not constitute a default of the Issuer or any other breach of obligations under the Conditions for any purpose.
- (g) The Issuer shall forthwith give notice to the Fiscal Agent and the Noteholders in accordance with Condition 14 (*Notices*) below of: (i) any suspension of redemption pursuant to this Condition 7 (provided that any failure to deliver such notice shall not invalidate the suspension of redemption); (ii) following any such suspension, the date on which the Notes shall be redeemed in accordance with sub-paragraph (d) or (e) above.

## 8. Taxation

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

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

As used herein:

- (i) **Tax Jurisdiction** means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

## 9. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

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

## 10. Enforcement Event

If an order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer, otherwise than for the purpose of: (i) a Permitted Reorganisation; or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement) (an **Enforcement Event**), then any holder of a Note may, by written notice to the Issuer at the specified office

of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (Enforcement Event) indicated in the Final Terms, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

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

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

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

- (a) an investment grade credit rating (Baa3/BBB-, or equivalent, or better) from any Rating Agency and such rating is, during the Reorganisation Period, either downgraded to a noninvestment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by the relevant Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency;
- (b) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) from any Rating Agency and such rating is, during the Reorganisation Period, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded by such Rating Agency to a credit rating that is equivalent or better to the credit rating that was applicable immediately prior to the Reorganisation Period or (in the case of a withdrawal) replaced by a credit rating from any other Rating Agency that is equivalent to or better than the credit rating that was applicable immediately prior to the Reorganisation Period; or
- (c) no credit rating and no Rating Agency assigns to the Notes within 60 days of the end of the Reorganisation Period a credit rating that is equivalent to or better than the Issuer's credit rating from any one or more Rating Agencies immediately prior to the Reorganisation Period;

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

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

- (a) if a majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person;
- (b) in which the first Person holds a sufficient number of votes to give it a dominant influence in ordinary shareholders' meetings of the second Person; or

- (c) which is under the dominant influence of the first Person by virtue of certain contractual relationships between the first Person and the second Person,

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

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

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

#### **12. Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

- (a) there will at all times be an 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 a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14 (*Notices*).

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

#### **13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

## **14. Notices**

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

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

## **15. Meetings of Noteholders**

### **15.1 Meetings of Noteholders**

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

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



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

## 15.2 *Noteholder's Representative*

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

## 15.3 *Modification*

The Conditions may not be amended without the prior approval of the Lead Regulator. The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to make any modification which is, in the opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless, in each case in the opinion of the Issuer, it is of a formal, minor or technical nature or it is made to correct a manifest or proven error or it is not materially prejudicial to the interests of the Noteholders.

## 15.4 *Modification and/or Exchange following a Regulatory Event, Tax Event or Rating Event*

- (a) This Condition 15.4 applies to Notes only and if the Modification Provisions and/or Exchange Provisions are specified in the applicable Final Terms as being applicable.



- (b) Where a Regulatory Event, a Tax Event or a Rating Event stated in the relevant Final Terms as applicable, for the purposes of this Condition 15.4, to the Notes has occurred and is continuing, then the Issuer may, without any requirement for the consent or approval of the Noteholders:
- (A) where the Final Terms state that Modification Provisions are applicable, modify the terms of the Notes to the extent that such modification is reasonably necessary to ensure that no such Regulatory Event, Tax Event or, as applicable, Rating Event would exist after such modification; and
  - (B) where the Final Terms state that Exchange Provisions are applicable, exchange all (but not some only) of the Notes for Qualifying Securities so that (x) where the relevant event that has occurred is a Regulatory Event, the aggregate nominal amount of the Qualifying Securities is treated under the then Applicable Regulations as at least Tier 2 Own Funds, or (y) where the relevant event that has occurred is a Tax Event or Rating Event, such event no longer applies in relation to the Qualifying Securities,

in each case, provided that, following such modification or, as applicable, exchange:

- (i) the terms and conditions of, in the case of subparagraph (A) above, the Notes, as so modified (the **modified Notes**) or, in the case of subparagraph (B) above, the Qualifying Securities, are – in the Issuer's reasonable determination after having consulted an independent investment bank of international standing – no more prejudicial to Noteholders than the terms and conditions applicable to the Notes prior to such modification or exchange (the **existing Notes**) *provided that* any modification may be made in accordance with subparagraphs (ii) to (iv) below and any such modification or, as applicable, any exchange of existing Notes for securities that meet the requirements set out in subparagraphs (ii) to (iv) below (**Qualifying Securities**), shall not constitute a breach of this subparagraph (i);
- (ii) either the person having the obligations of the Issuer under the modified Notes or, as applicable, Qualifying Securities (x) continues to be the Issuer, or (y) is substituted in accordance with Condition 17 (*Substitution*);
- (iii) the modified Notes or, as applicable, Qualifying Securities rank at least equal to the existing Notes prior to such modification or exchange and feature the same tenor, principal amount, interest rates (including applicable margins), interest payment dates and first call date (if any) (except for any early redemption rights analogous to redemption rights under the existing Notes (if any) for Regulatory Event, Tax Event or Rating Event), and the same existing rights to any accrued interest, any arrears of interest and any other amounts payable under the Notes as the existing Notes prior to such modification or exchange; and
- (iv) the modified Notes or, as applicable, Qualifying Securities continue to be listed on a regulated market (for the purposes of the Markets in Financial Instruments Directive 2014/65/EU) of an internationally recognised stock exchange as selected by the Issuer (*provided that* the existing Notes were so listed prior to the occurrence of such Regulatory Event, Tax Event or, as applicable, Rating Event),

and provided further that:

- (1) UnipolSai obtains approval of the proposed modification or exchange from the Lead Regulator (if such approval is required) or gives prior written notice (if such notice is required to be given) to the Lead Regulator and, following the expiry of all relevant statutory time limits, the Lead Regulator is no longer entitled to object or impose changes to the proposed modification or exchange;

- (2) the modification or exchange does not give rise to a change in any published solicited rating of the existing Notes in effect at such time (to the extent the existing Notes were rated prior to the occurrence of such Regulatory Event, Tax Event or, as applicable, Rating Event);
- (3) the modification or exchange does not give rise to any right on the part of the Issuer to exercise any option to redeem the modified Notes or the Qualifying Securities that does not already exist prior to such modification or exchange, without prejudice to the provisions under Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*);
- (4) the Issuer has delivered to the Agent a certificate, substantially in the form shown in the Agency Agreement, signed by a duly authorised representative of the Issuer stating that conditions (i) to (iv) and (1) to (3) above have been complied with, such certificate to be made available for inspection by Noteholders; and
- (5) in the case of any proposed modifications or an exchange owing to a Tax Event, the Issuer has delivered to the Agent an opinion of independent legal advisers of recognised standing to the effect that the Tax Event can be avoided by the proposed modifications or exchange.

In connection with any modification or exchange as indicated in this Condition 15.4, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are then listed or admitted to trading.

## 16. Further Issues

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

## 17. Substitution

The Issuer may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons, any duly incorporated Subsidiary of the Issuer (each a **Substituted Debtor**) as Issuer (the **Substitution**), subject to the following:

- (a) immediately prior to the Substitution, no payment in respect of the Notes and the Coupons being overdue and no Enforcement Event having occurred and being continuing in respect of the Notes and the Coupons;
- (b) the execution by the Substituted Debtor and, where applicable, by the other parties to the Agency Agreement and the Deed of Covenant, of a deed poll and such other documents (if any) as may be necessary to give full effect to the Substitution (together, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer;
- (c) the execution by the Issuer of a deed of guarantee (the **Guarantee**), substantially in the form attached to the Agency Agreement, in favour of the Noteholders and Couponholders in respect of all the obligations of the Substituted Debtor under the Notes and the Coupons;
- (d) the agreement by the Substituted Debtor in the Documents to indemnify each Noteholder and Couponholder against:

- (i) any tax, duty, assessment or governmental charge which is imposed on such Noteholder and Couponholder by (or by any authority in or of) in the Republic of Italy with respect to any Note or Coupon and which would not have been so imposed had the Substitution not been made; and
  - (ii) any tax, duty, assessment or governmental charge, and any cost or expense payable in connection with the Substitution;
- (e) the Documents containing a representation and warranty by each of the Issuer and the Substituted Debtor that:
  - (i) it is validly incorporated and in good standing under the laws of its jurisdiction of incorporation;
  - (ii) it has obtained all necessary governmental and regulatory approvals and consents for the Substitution and for the performance of its obligations under the Documents and that all such approvals and consents are in full force and effect;
  - (iii) all other actions, conditions and things required to be taken, fulfilled and done to ensure that the Documents, the Notes and the Coupons (and, in the case of the Issuer, the Guarantee) and the obligations assumed by it thereunder represent legal, valid and binding obligations of the Substituted Debtor or the Issuer, as the case may be, enforceable by each Noteholder and Couponholder in accordance with their respective terms and subject to applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, have been taken, fulfilled and done and are in full force and effect; and
  - (iv) the Noteholders and Couponholders will not become subject to any tax, duty, assessment, governmental charge or other adverse tax consequences as a result of the Substitution, except as may be subject to the indemnity provided for in Condition 17(d) above;
- (f) the delivery of legal opinion(s) addressed to the Agent, to be made available upon request to the Noteholders and Couponholders, from a lawyer or firm(s) of lawyers with a leading securities practice in the Republic of Italy, confirming that (i) the conditions contained in Conditions 17(b), 17(c), 17(d) and 18(e) above have been fulfilled and (ii) the Documents and the Guarantee, where applicable, constitute legal, valid, binding and enforceable obligations of each of the Issuer and the Substituted Debtor and that each of the Issuer and the Substituted Debtor has the power to enter into and perform the obligations to be assumed by it pursuant to the Documents and the Guarantee, to the extent applicable to it;
- (g) confirmation from the relevant stock exchange (if any) that, following the proposed Substitution, the Notes will continue to be listed on such stock exchange;
- (h) the giving by the Issuer of at least 14 days' prior notice of the Substitution to the Noteholders, in accordance with Condition 14 (*Notices*), stating that "copies, or, pending execution, the agreed text, of all documents in relation to the Substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents";
- (i) if the existing Notes were rated by a Rating Agency prior to the Substitution, written confirmation from such Rating Agency that, after giving effect to the Substitution, (i) the Notes shall continue to be rated the same as immediately prior to the Substitution or (ii) in the case of Notes which have not been assigned a credit rating, the relevant Substituted Debtor or the Notes will be assigned at least the same credit rating as the credit rating of the Issuer immediately prior to

whichever is the earlier of (I) the Substitution, (II) the first public announcement of the Substitution or (III) the first public announcement of any proposal, agreement or arrangement that resulted, directly or indirectly, in the Substitution; and

- (j) the delivery to the Agent of a certificate of solvency of the Substituted Debtor addressed to the Noteholders and signed by two directors of the Substituted Debtor.

By subscribing to, or otherwise acquiring, the Notes, the Noteholders expressly consent to the substitution of the Issuer in accordance with the provisions of this Condition 17 and to the release of the Issuer from any and all obligations in respect of the Notes and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.

## **18. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **19. Governing Law and Submission to Jurisdiction**

### **19.1 *Governing law***

The Agency Agreement, the Deed of Covenant, 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, English law, except that the provisions concerning the status of the Notes shall be governed by Italian law.

Condition 15 (*Meetings of Noteholders*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with the laws of the Republic of Italy.

### **19.2 *Submission to jurisdiction***

- (a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, and (ii) concurrent proceedings in any number of jurisdictions.

### **19.3 *Appointment of Process Agent***

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that

failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit and/or to refinance existing indebtedness.



## DESCRIPTION OF THE ISSUER

### OVERVIEW

UnipolSai Assicurazioni S.p.A. (**UnipolSai** or the **Issuer**) is a joint stock company limited by shares (*società per azioni*) incorporated under Italian law. Its registered office and principal place of business is at Via Stalingrado 45, 40128 Bologna, Italy and it is registered with the register of companies of Bologna under number 00818570012, fiscal code and VAT Number 00818570012. It is subject to the management and coordination of Unipol Gruppo S.p.A. (**UG**, UnipolSai's parent company) pursuant to Article 2497 and related provisions of the Italian Civil Code and it is part of the Unipol Insurance Group (*Gruppo Assicurativo Unipol*) registered on the Registry of Insurance Groups under number 046. UnipolSai may be contacted by telephone on +39 051 507 7111 and by fax on +39 051 375349.

UnipolSai is the parent company of the group consisting of UnipolSai and its subsidiaries (collectively the **Group** or **UnipolSai Group**). UnipolSai was formed as a result of the merger by incorporation of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A. and Premafin S.p.A. into Fondiaria-SAI S.p.A. which subsequently changed its corporate name to UnipolSai Assicurazioni S.p.A. The Merger became effective on 6 January 2014 (with accounting and tax effects as of 1 January 2014). See "*History – The Merger*" below.

The UnipolSai Group is a leading insurance group operating in Italy. In 2016, the Group ranked first amongst operators in Italy in terms of non-life insurance premiums (source: data of Ania "*Premi del lavoro diretto italiano 2016*" and internal elaborations). It offers a full range of traditional insurance and investment products, including pension products. For the year ended 31 December 2016, the aggregate (non-life and life) direct insurance income of the UnipolSai Group amounted to Euro 12,497 million, of which Euro 7,218 million was attributable to the non-life insurance business and Euro 5,279 million to the life insurance business. The UnipolSai Group also operates in the real estate sector and, to a lesser extent, in hotel management, medical clinics and agricultural activities. See "*Business of the UnipolSai Group*" below.

Pursuant to its by-laws, UnipolSai's period of incorporation will end on 31 December 2050, subject to any extension. As provided by Article 3 of its by-laws, UnipolSai's corporate purpose is the exercise, in Italy and abroad, of all branches of insurance, reinsurance and capitalisation businesses permitted by the law. UnipolSai may also operate and manage any forms of supplemental pensions provided under applicable laws, as subsequently amended and supplemented, as well as establish, create and manage open pension funds and carry out any activity complementary or instrumental to the operation of such funds. The Issuer may carry out commercial, industrial, financial, real estate, securities, investments and divestment transactions in connection with the corporate purpose. It may also grant suretyships and any form of guarantee, acquire interests and participations in other companies whose corporate purposes are the same or similar to its own corporate purpose, and assume the representation or management thereof. For investment purposes and within the limits set forth by law, it may acquire interests and participations in companies with a different corporate purpose.

As at the date of this Base Prospectus, UnipolSai's share capital is equal to Euro 2,031,456,338, divided into 2,829,717,372 ordinary shares in registered form with no express nominal value. UnipolSai's ordinary shares are listed on the *Mercato Telematico Azionario*, the screen-based market of the Italian Stock Exchange.

### HISTORY

UnipolSai is the parent company of the UnipolSai Group and is the company resulting from the merger by incorporation (the **Merger**) of Unipol Assicurazioni S.p.A. (**Unipol Assicurazioni**), Milano Assicurazioni S.p.A. (**Milano Assicurazioni**) and Premafin Finanziaria S.p.A. – Holding di Partecipazioni (**Premafin**) into Fondiaria-SAI S.p.A. (**Fondiaria-SAI**), which subsequently changed its corporate name to UnipolSai Assicurazioni S.p.A. The Merger is part of the plan for the integration of Unipol Gruppo S.p.A. (**UG** or **Unipol**, the parent company of UnipolSai) and its subsidiaries (the **UG Group** which expanded over the years through a series of acquisitions, including the Winterthur Italia group and Aurora Assicurazioni S.p.A.) with Premafin and its subsidiaries (the **Premafin – Fondiaria-SAI**

**Group**), in line with the strategic objective of the UG Group to expand its non-life insurance business. Prior to the Merger, Premafin controlled Fondiaria-SAI which in turn controlled Milano Assicurazioni.

### **The Merger**

In 2012, UG commenced an integration process with Premafin and its subsidiaries.

At the beginning of 2012, UG and Premafin entered into a plan for the integration of the Premafin – Fondiaria-SAI Group which provided for, *inter alia*, the acquisition by UG of a controlling stake in Premafin and the subsequent merger by incorporation of Unipol Assicurazioni, Milano Assicurazioni and Premafin into Fondiaria-SAI. The Merger became effective on 6 January 2014, and Fondiaria SAI (the company surviving the Merger) was renamed UnipolSai Assicurazioni S.p.A..

In 2012, the Italian antitrust authority (*Autorità Garante della Concorrenza e del Mercato*, **AGCM**) issued resolution No. 23678, case C11524 (the **AGCM Decision**). Pursuant to the AGCM Decision, the acquisition by UG of a controlling interest in the Premafin – Fondiaria-SAI Group and the subsequent Merger were authorised subject to certain conditions being met and undertakings being assumed. UG and UnipolSai have complied with these conditions and undertakings and are currently taking the relevant actions with specific reference to the financial exposure of UnipolSai to Mediobanca – Banca di Credito Finanziario S.p.A. referred to in the paragraph headed “*Financing Agreements*” below.

### **THE UNIPOLSAI GROUP**

As at the date of this Base Prospectus, the UnipolSai Group includes 38 subsidiaries.

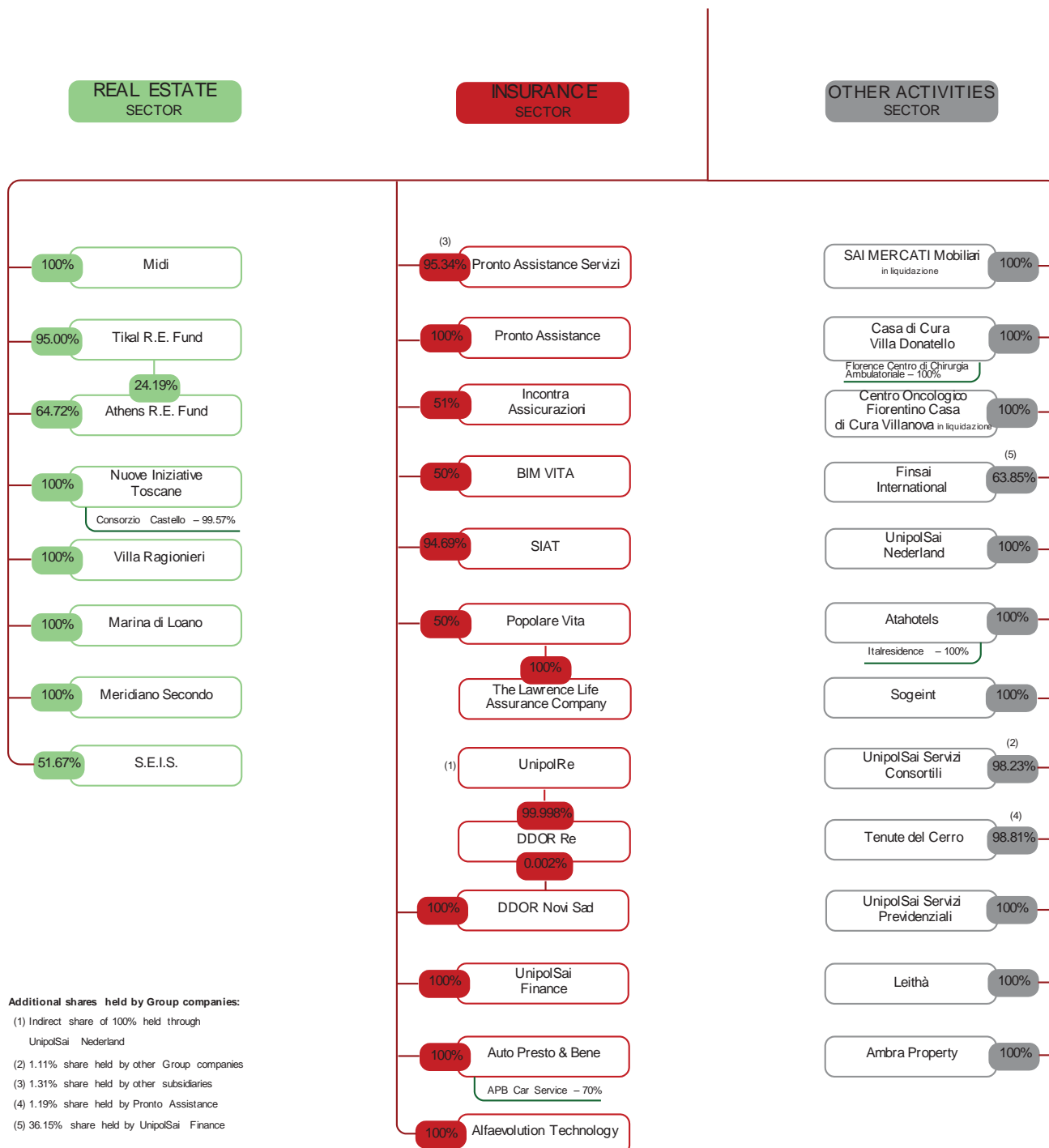
The insurance business is the most important activity of the UnipolSai Group, which ranks among the leading insurance groups in the Italian market. The aggregate direct insurance premiums of the Group amounted to Euro 12,497 million for the year ended 31 December 2016 (of which Euro 5,279 million in the life business and Euro 7,218 million in the non-life business) and Euro 5,604 million for the six months ended 30 June 2017 (of which Euro 1,931 million in the life business and Euro 3,673 million in the non-life business).

For the year ended 31 December 2016, the Group had a consolidated net profit of Euro 527.5 million, net of tax amounting to Euro 153.3 million. Pre-tax profit for the period amounted to Euro 680.8 million. Consolidated net profit and pre-tax profit for the six months ended 30 June 2017 amounted to Euro 282.1 million and Euro 394.0 million, respectively.

As at 31 December 2016, the Group had a network of 3,058 agencies with 4,665 agents. UnipolSai also places life products through the branches of Unipol Banca and through the networks of financial advisors of Credit Suisse Italy. The bancassurance companies of the Group also place their products through the sales networks of their bancassurance partners: see below “*Insurance Sector – Distribution channel*”.

### **Structure diagram**

The following diagram sets out the structure of the UnipolSai Group as at 30 September 2017.

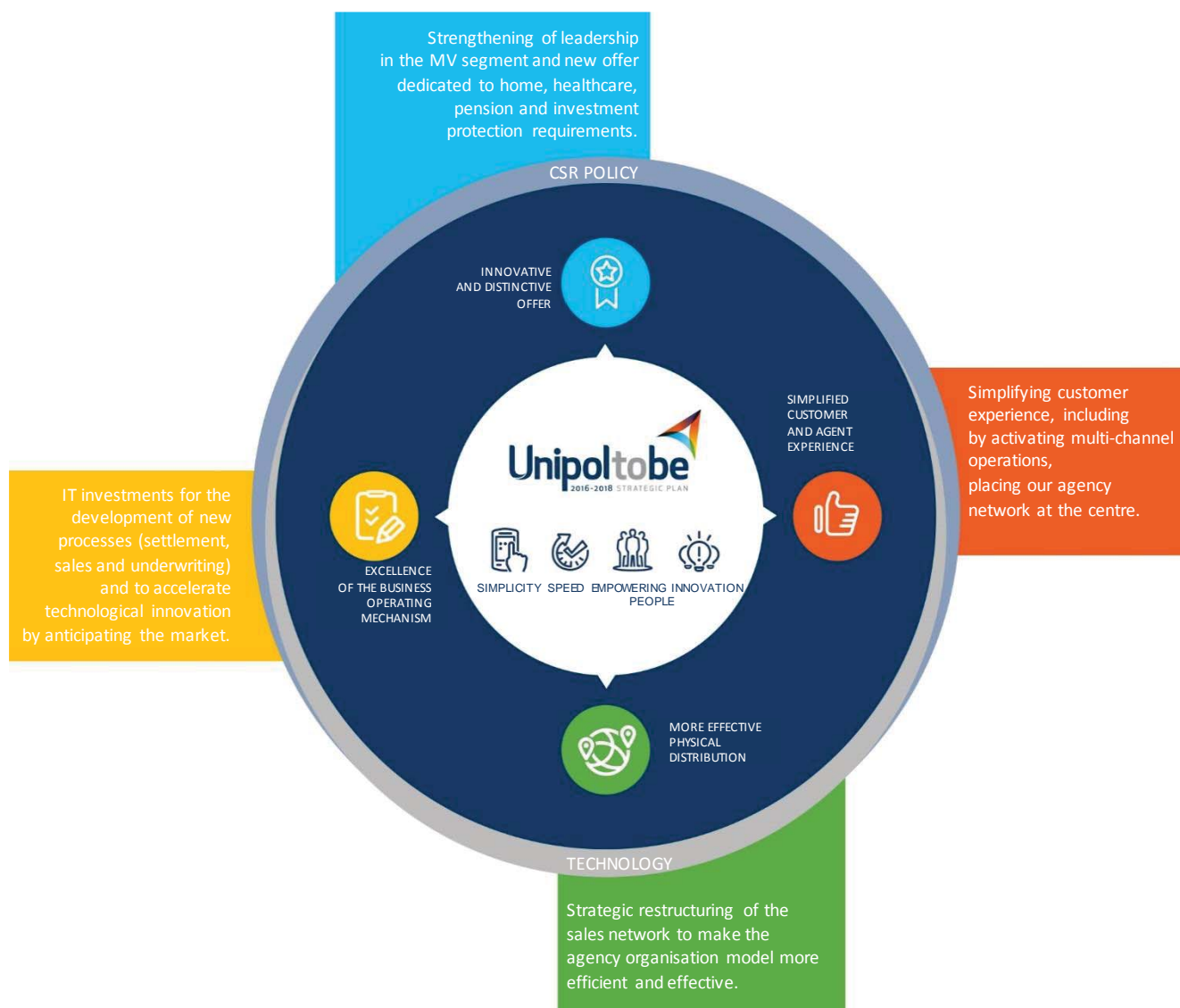


(\*)Following the reorganisation of the insurance sector of the UG Group, the UnipolSai Group’s insurance sector subsidiaries now comprise also UniSalute S.p.A. (98.53% held by UnipolSai) and Linear S.p.A. (100% held by UnipolSai). See further “Recent Developments – Reorganisation of the insurance sector”.

## BUSINESS STRATEGY

On 12 May 2016, the Board of Directors of UnipolSai approved the 2016-2018 business plan (the **Business Plan**) in conjunction with UG. The Business Plan is based on four key areas that, amongst other things, aim to capitalise on the Group's expertise in the provision of insurance services and in the application of on-line services to insurance products, leveraging on its extensive agent distribution network in Italy which the Group has plans to reorganise in order to increase productivity by optimising territorial coverage as well as the economic sustainability of the agencies. The Business Plan has the objective of ensuring sustainable profitability over time through a programme of initiatives intended to strengthen the leadership position of the Group in the Italian insurance market.

In particular, the pillars of the Business Plan are as follows:



## BUSINESS OF THE UNIPOLSAI GROUP

The UnipolSai Group is a network of businesses with a capillary presence throughout Italy, supplying a complete range of insurance products and solutions.

The Group's business activities are comprised predominantly of non-life and life insurance businesses. To a lesser extent, the Group also operates in the following sectors:

- *real estate sector*, the Group manages real estate assets totalling (as at 31 December 2016) Euro 4.2 billion through UnipolSai and through a number of subsidiaries, including, *inter alia*, Nit S.r.l., Tikal R.E. Fund, Athens R.E. Fund and Marina di Loana S.p.A., as well as certain smaller entities; and
- *other businesses sector*, through subsidiaries carrying out activities in the hotel management segment (Atahotels S.p.A.), medical and healthcare businesses (Casa di Cura Villa Donatello S.p.A.) and the agricultural industry (Tenute del Cerro S.p.A. – Società Agricola).

## Insurance sector

The UnipolSai Group provides a wide range of insurance products both in the life business (the **Life Business**) and in the non-life business (the **Non-Life Business**) through the following divisions: Unipol, La Fondiaria, Sai, Milano, Nuova MAA and La Previdente. In addition to operating in Italy, UnipolSai is also the second operator in Serbia where it is present through its subsidiary DDOR Novi Sad a.d.o.

The Group companies specialising in reinsurance business are UnipolRe DAC, a company that offers reinsurance services to small and medium-sized companies headquartered in Europe, and Ddor Re, the Serbian reinsurance company.

The Group's objective is to deliver to its customers simple products capable of providing added value to the customer, an efficient service throughout the different phases of the insurance product, post-sales assistance tailored to meet the needs of its policy subscribers together with improved and transparent customer communication.

The following tables provide a breakdown of the Group's total premiums for the periods indicated.

	For the year					
	ended 31	<i>mix</i>	For the year ended	<i>mix</i>		
<b>Total premiums (direct and indirect)</b>	<b>December 2016</b>	<b>%</b>	<b>31 December 2015</b>	<b>%</b>	<b>change %</b>	
<i>(euro in millions, save for percentages)</i>						
Non life direct premiums.....	7,218		7,334		(1.6)	
Non life indirect premiums.....	47		39		21.1	
<b>Total non life premiums.....</b>	<b>7,265</b>	<b>57.9</b>	<b>7,373</b>	<b>52.6</b>	<b>(1.5)</b>	
Life direct premiums.....	4,694		6,064		(22.6)	
Life indirect premiums.....	1		1		(57.6)	
<b>Total life premiums.....</b>	<b>4,695</b>	<b>37.4</b>	<b>6,065</b>	<b>43.3</b>	<b>(22.6)</b>	
Total life investment products.....	585	4.7	584	4.2	0.1	
<b>Total life business.....</b>	<b>5,279</b>	<b>42.1</b>	<b>6,649</b>	<b>47.4</b>	<b>(20.6)</b>	
<b>Overall total .....</b>	<b>12,545</b>	<b>100.0</b>	<b>14,022</b>	<b>100.0</b>	<b>(10.5)</b>	

	For the six months ended 30 June 2017	<i>mix</i> %	For the six months ended 30 June 2016	<i>mix</i> %	<i>change %</i>
Consolidated premiums (direct and indirect)					
(euro in millions, save for percentages)					
Non life direct premiums.....	3,673		3,685		(0.3)
Non life indirect premiums.....	64		27		141.9
<b>Total non life premiums.....</b>	<b>3,738</b>	<b>65.9</b>	<b>3,712</b>	<b>55.0</b>	<b>0.7</b>
Life direct premiums.....	1,815		2,534		(28.4)
Life indirect premiums.....					(11.0)
<b>Total life premiums.....</b>	<b>1,815</b>	<b>32.0</b>	<b>2,535</b>	<b>37.6</b>	<b>(28.4)</b>
Total life investment products.....	116	2.0	502	7.4	(76.9)
<b>Total life business.....</b>	<b>1,931</b>	<b>34.1</b>	<b>3,037</b>	<b>45.0</b>	<b>(36.4)</b>
<b>Overall total .....</b>	<b>5,668</b>	<b>100.0</b>	<b>6,749</b>	<b>100.0</b>	<b>(16.0)</b>

### *Non-life business*

The Group offers through its operating divisions a variety of non-life insurance policies. In addition to motor insurance (by far the largest category of non-life policies underwritten by the Group), the Group also offers a range of policies offering protection for marine liability, homeowners, disability, sickness and natural disasters.

In particular, the Group is active in the marine insurance business through SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A., in non-life bancassurance through Incontra Assicurazioni S.p.A. and is present in the Serbian non-life market through Ddor Novi SAD a.d.o. Pronto Assistance S.p.A. is active in placing assistance services insurance policies (which can be personalised to meet customer needs) in the home, health, motor vehicle and business segments. Following the reorganisation of the insurance sector of the UG Group, UniSalute S.p.A. and Linear S.p.A. are now part of the UnipolSai Group. See further “Recent Developments – Reorganisation of the insurance sector”.

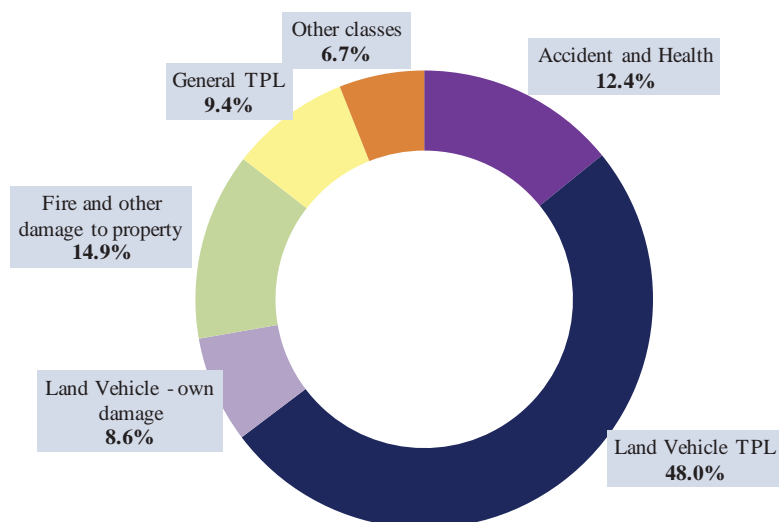
The following tables set out the breakdown of the Group's non-life business direct premiums for the periods indicated therein.

Non-life direct premiums	For the year		For the year		change %
	ended 31	mix %	ended 31	mix %	
	December 2016		December 2015		
(euro in millions, except for percentages)					
Motor and marine vehicle third party liability (classes 10 and 12) .....	3,464		3,653		(5.2)
Motor vehicle damage (class 3) .....	618		602		2.7
<b>Total motor premiums .....</b>	<b>4,083</b>	<b>56.6</b>	<b>4,254</b>	<b>58.0</b>	<b>(4.0)</b>
Accident and health (classes 1 and 2).....	895		877		2.1
Fire and other damage to property (classes 8 and 9).....	1,075		1,043		3.1
General third party liability (class 13) .....	682		680		0.2
Other classes.....	483		480		0.7
<b>Total non-motor premiums.....</b>	<b>3,135</b>	<b>43.4</b>	<b>3,080</b>	<b>42.0</b>	<b>1.8</b>
<b>Total non-life premiums.....</b>	<b>7,218</b>	<b>100.0</b>	<b>7,334</b>	<b>100.0</b>	<b>(1.6)</b>

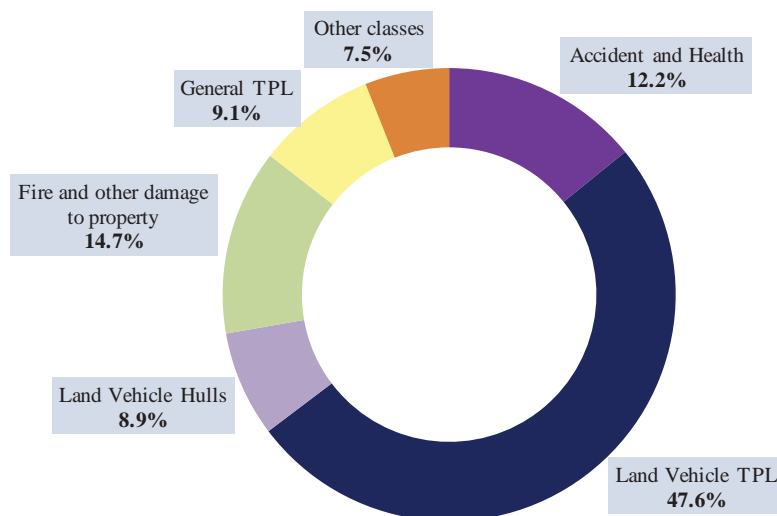


Non-life direct premiums	For the six months		For the six months		change %
	ended 30 June	mix %	ended 30 June	mix %	
	2017		2016		
(euro in millions, except for percentages)					
Motor and marine vehicle third party liability (classes 10 and 12) .....	1,749		1,821		(3.9)
Motor vehicle damage (class 3) .....	326		321		1.3
<b>Total motor premiums</b> .....	<b>2,075</b>	<b>56.5</b>	<b>2,142</b>	<b>58.1</b>	<b>(3.2)</b>
Accident and health (classes 1 and 2).....	449		436		2.8
Fire and other damage to property (classes 8 and 9)....	541		530		2.0
General third party liability (class 13) .....	335		332		0.9
Other classes .....	274		245		12.1
<b>Total non-motor premiums</b> .....	<b>1,599</b>	<b>43.5</b>	<b>1,543</b>	<b>41.9</b>	<b>3.6</b>
<b>Total non-life premiums</b> .....	<b>3,673</b>	<b>100.0</b>	<b>3,685</b>	<b>100.0</b>	<b>(0.3)</b>

The chart below sets out the composition of the Group's non-life business direct premiums for 2016.



The chart below sets out the composition of the Group's non-life business direct premiums for the first semester of 2017.



The Group's direct premium income from its non-life business during the year ended 31 December 2016 was negatively affected by the serious earthquake events that took place in central Italy in the second half of 2016 and the considerable reduction in average motor vehicle third party liability premiums caused by strong competitive pressure, in part offset by reduction in the average cost of claims thanks also to the Group's telematic initiatives. In particular, a new subsidiary, Alfaevolution Technology S.p.A., was established in December 2015 and commenced operations in March 2016. Through this subsidiary that offers a variety of telematics services connected to insurance policies (including the so-called black boxes), the Group aims to provide analysis in support of tariffs calculation, ensure greater effectiveness of the claims settlement processes, monitor changes in technological standards and improve customer service.

Other companies which are instrumental to the Group's non-life business and which characterise and make the Group's insurance offer distinctive, including further to the direct and integrated governance of service processes, include Auto Presto & Bene S.p.A., which has a network of repair shops present throughout the country to offer motor vehicle policyholders certified repairs with no cash advance; and APB Car Service S.r.l., which offers repair and glass replacement services.

Non-life direct premium income for the year ended 31 December 2016 totalled Euro 7,218 million, compared to Euro 7,334 million for the year ended 31 December 2015 (-1.6 per cent.). Non-life direct premium income for the six months ended 30 June 2017 totalled Euro 3,673 million, compared to Euro 3,685 million for the six months ended 30 June 2016 (-0.3 per cent.). For a discussion of the combined ratio, loss ratio and expense ratio relating to this business segment, see the paragraph headed "*Alternative Performance indicators*" on page 13 of the consolidated interim report of the Group as of and for the six months ended 30 June 2017 and on page 21 of the consolidated annual financial statements of the Group as of and for the year ended 31 December 2016, incorporated by reference into this Base Prospectus.

Pre-tax profits for the Group's non-life business segment totalled Euro 364.6 million for the year ended 31 December 2016 (Euro 813.0 million for the year ended 31 December 2015) and Euro 235.1 million for the six months ended 30 June 2017 (Euro 224.9 million for the six months ended 30 June 2016).

### ***Life business***

The Group offers, through its operating divisions, a variety of life insurance protection, investment policies and pension products to its customers. Alongside traditional policies, the Group also offers innovative capitalisation policies and unit linked policies.

The Group is also a leading player in the supplementary pension market, in particular in occupational pension funds and open-ended pension funds. In the occupational pension funds segment, the Group had 22 investment mandates as at 30 June 2017. The net asset value of the funds managed by the Group amounted to Euro 4,099 million as at 30 June 2017 (Euro 3,510 million with guaranteed capital). As at 31 December 2016, the Group managed 23 occupational pension funds (of which 16 with guaranteed capital and/or minimum return), with resources under management totalling Euro 4,340 million (of which Euro 3,375 million with guaranteed capital). In the open-ended pension funds segment, the Group managed 3 open-ended funds as at 30 June 2017 (same as at 31 December 2016) with total assets amounting to Euro 893 million as at 30 June 2017 and Euro 881 million as at 31 December 2016.

The following tables set out the breakdown of the Group's life business direct premiums for the periods indicated therein.

	For the year ended 31 December 2016		For the year ended 31 December 2015		<i>mix</i> %	<i>change</i> %
Life business direct premiums		<i>mix</i> %				
<i>(euro in millions, save for percentages)</i>						
I-Whole and term life insurance.....	3,366	63.8	3,958	59.5	<i>(15.0)</i>	
III-Unit-linked/index-linked policies .....	1,067	20.2	1,563	23.5	<i>(31.7)</i>	
IV – Health .....	2	0.0	1	0.0	23.7	
V- Capitalisation insurance .....	332	6.3	645	9.7	<i>(48.4)</i>	
VI-Pension funds.....	511	9.7	480	7.2	6.5	
<b>Total life direct premiums .....</b>	<b>5,279</b>	<b>100.0</b>	<b>6,648</b>	<b>100.0</b>	<b><i>(20.6)</i></b>	
<b>of which Life investment products</b>	585		584		0.1	

	For the six months		For the six months		
	ended 30 June	<i>mix</i>	ended 30 June	<i>mix</i>	<i>change</i>
Life business direct premiums	2017	%	2016	%	%
<i>(euro in millions, save for percentages)</i>					
I-Whole and term life insurance.....	1,194	61.8	1,967	64.8	(39.3)
III-Unit-linked/index-linked policies.....	284	14.7	581	19.1	(51.2)
IV – Health .....	1	0.1	1	0.0	43.6
V- Capitalisation insurance .....	165	8.5	231	7.6	(28.8)
VI-Pension funds.....	287	14.9	256	8.4	12.1
<b>Total life direct premiums .....</b>	<b>1,931</b>	<b>100.0</b>	<b>3,036</b>	<b>100.0</b>	<b>(36.4)</b>
<b>of which Life investment products</b>	116		502		(76.9)

Life premiums (direct and indirect) amounted to Euro 5,279 million for the year ended 31 December 2016 and Euro 1,931 million for the six months ended 30 June 2017, with a contribution deriving from bancassurance companies of Euro 2,229 million for the year ended 31 December 2016 and Euro 510 million for the six months ended 30 June 2017. With a view to limiting financial risk, the Group has been gradually reducing its traditional guarantee-backed products whilst seeking to shift the commercial offering towards Class III and multisegment products.

Pre-tax profits of the life business segment totalled Euro 357.2 million for the year ended 31 December 2016 (Euro 344.2 million for the year ended 31 December 2015) and Euro 180.9 million for the six months ended 30 June 2017 (Euro 176.3 million for the six months ended 30 June 2016).

### **Distribution channel**

The Group distributes its insurance products through one of the biggest agency networks in Italy. As at 31 December 2016, the Group had 3,058 agencies with 4,665 agents (3,484 agencies and 5,326 agents as at 31 December 2015). UnipolSai also places its life products through the branches of Unipol Banca and through the financial advisors network of Credit Suisse Italy, while the leading bancassurance companies of the Group place their products through the sales networks of their bancassurance partners. In particular, BIM Vita S.p.A. places its life products through the branches of Banca Intermobiliare S.p.A. and of Banca Consulia (formerly Banca Ipibi) and offers post-sale services through the branches of Cassa di Risparmio di Fermo; and

Incontra Assicurazioni S.p.A. places its non-life products through the Italian bank branches of the UniCredit group.

### **Real estate sector**

The Group is active in the real estate business through a number of subsidiaries and closed-end real estate funds including, *inter alia*, the real estate investment funds Athens R.E. and Tikal R.E. Fund, through which the Group has a portfolio of real estate properties comprised mostly of hotels. This includes the portfolio of properties held for hotel purposes purchased in December 2016 from Una Hotels S.p.A.. The Group is also active in the development, renovation and requalification of buildings in its real estate portfolio, some with a view to subsequent income generation through their sale or lease, and others for utilisation by Group companies.

Investments and cash and cash equivalents of the real estate sector (including instrumental properties for own use) totalled Euro 1,234 million as at 31 December 2016 (Euro 923 million as at 31 December 2015), consisting mainly of investment property and properties for own use amounting to Euro 1,152 million (Euro 825 million at 31 December 2015): this increase is mainly attributable to the acquisition by the real estate investment fund Athens R.E. Fund managed by UnipolSai Investimenti SGR S.p.A. of the hotel property portfolio from Una Hotels S.p.A. as well as the transfer to the Athens R.E. fund of hotel facilities previously owned by UnipolSai and Tikal R.E. Fund. The pre-tax result of the real estate business segment for the year ended 31 December 2016 was a loss of Euro 22.3 million (-Euro 95.6 million for the year ended 31 December 2015), after the write-down of real estate for Euro 5 million (Euro 73 million for the year ended 31 December 2015) and the depreciation of investment property and other tangible assets for Euro 17 million (Euro 25 million for the year ended 31 December 2015). The pre-tax result for the six months ended 30 June 2017 was a loss of Euro 16.6 million (-Euro 10.1 million for the six months ended 30 June 2016), after carrying out write-downs of properties for Euro 6 million (Euro 2 million for the six months ended 30 June 2016) and depreciation of real estate investments and tangible assets for Euro 12 million (Euro 9 million for the year ended 30 June 2016).

### **Other businesses sector**

This segment includes Group companies operating in the following industries: hotel management (Atahotels S.p.A. manages a number of hotel complexes in some of the main cities and popular tourist destinations in Italy); healthcare (Casa di Cura Villa Donatello S.r.l. runs a healthcare facility in Florence); and agriculture (Tenute del Cerro S.p.A. – Società Agricola owns approximately 5,000 hectares of land in central Italy for the production of high quality wine).

In December 2016, the subsidiary Atahotels S.p.A. purchased the hotel management unit of Una Hotels S.p.A.. This acquisition has enabled Atahotels S.p.A. to become a leading operator in the Italian hotel sector, and has contributed to a significant increase in Group revenues from the hotel business. Revenue trends relating to the Group's business in the healthcare sector have shown a positive performance in respect of its core hospitalisation and clinical activities, with profitability of Casa di Cura Villa Donatello S.r.l. improving from a net loss of Euro 0.3 million for the year ended 31 December 2016 to a net profit of approximately Euro 0.1 million during the first semester of 2017. As regards agricultural activities, Tenute del Cerro S.p.A. improved its results from a net loss of Euro 5.3 million for the year ended 31 December 2016 (negatively impacted by a Euro 7.6 million write-down of properties) to a net loss of approximately Euro 0.3 million during the first semester of 2017.

Amongst the companies carrying out activities ancillary to the insurance business, Leithà S.r.l. aims to support the development of software prototypes, experimentation with new technologies as well as the predictive analysis of data supporting the Group's business and information technology systems.

The pre-tax result of the above business segment was a pre-tax loss of Euro 18.7 million for the year ended 31 December 2016 (-Euro 17.8 million for the year ended 31 December 2015) and a pre-tax loss of Euro 5.4 million for the six months ended 30 June 2017 (-Euro 8.1 million for the six months ended 30 June 2016).

### **Other information relating to the insurance sector**

#### ***Undertaking Specific Parameters (USP)***

Following submission of the application for authorisation, by way of the Measures of 2 February 2016 IVASS authorised UnipolSai and the UG Group as a whole to use the specific parameters instead of the sub-set of parameters defined in the so called "Standard Formula", with effect from 1 January 2016 (the **Undertaking Specific Parameters**). In particular, IVASS's authorisation to use the Undertaking Specific Parameters concerns the following segments of non-life insurance and reinsurance obligations as specified in Annex II to the Solvency II Regulations, namely, Segment 1 (proportional insurance and reinsurance on third party liability resulting from the circulation of vehicles), Segment 4 (proportional insurance and reinsurance against fire and other damage to property) and Segment 5 (proportional insurance and reinsurance on general third party liability).

## ***Approval of the Partial Internal Model for SCR calculation***

Following the application submitted on 14 November 2016, UnipolSai received on 7 February 2017 authorisation from IVASS to use the “Partial Internal Model” for calculating the individual Solvency Capital Requirement with effect from 31 December 2016. The Partial Internal Model includes the following risk modules: life underwriting and provisions risk, market risk, credit risk, non-life catastrophe risk sub-module and risk aggregation. The modules currently included in the Partial Internal Model were defined on the basis of the relevance of the module and the level of progress reached in the development of measurement methodologies for the individual risk modules. Part of the Partial Internal Model is calculated according to the Standard Formula Undertaking Specific Parameters. This is the case for premium and reserve non-life risk for the following lines of business: (i) motor vehicles third party liability; (ii) general liability; and (iii) fire and other damage to property. UnipolSai is considering extending the Partial Internal Model to include all measurable risk modules so as to reach a “Full Internal Model” type configuration over time.

## **RECENT DEVELOPMENTS**

### **Reorganisation of the insurance sector**

On 29 June 2017, the Board of Directors of UnipolSai approved (for matters within its own competence) a project for the reorganisation of the insurance sector of the UG Group (the **Insurance Project**) that envisages the acquisition by UnipolSai of the following stakes held by UG:

- a) 98.53 per cent. of the share capital of UniSalute S.p.A. (**UniSalute**), for a consideration of Euro 715 million; and
- b) 100 per cent. share capital of Linear S.p.A., for a consideration of Euro 160 million

(collectively, the **Acquisitions**).

As part of the Insurance Project, upon satisfaction of the relevant conditions and prerequisites, also UG's controlling interest in Arca Vita S.p.A., equal to 63.39% of the share capital, may be transferred to UnipolSai.

The Insurance Project is meant to aggregate the entire insurance business of the UG Group under the control of UnipolSai, with expected benefits in terms of consistency and effectiveness in policy governance and in the organisational and operational coordination of the overall insurance activity. In particular, the Insurance Project should allow the Group to foster the implementation of an integrated multichannel offering model, designed to take into account the ever-changing evolution of consumers' behaviour and needs whilst maintaining the identity and corporate autonomy of the companies involved. The Insurance Project has also been approved by UG on the same date.

After having obtained the clearance of IVASS on 9 November 2017, as the Insurance Project does not entail any ownership change, the Acquisitions were completed on 16 November 2017.

### **Arrangements relating to Popolare Vita S.p.A.**

On 29 June 2017, the Board of Directors of UnipolSai approved the cancellation of the distribution agreement in place with Banco BPM S.p.A. (**Banco BPM**) and the exercise of the put option granted to UnipolSai in the context of the shareholders' agreement (the **Popolare Vita Shareholders' Agreement**) with Banco BPM relating to the equity investment held by UnipolSai in Popolare Vita S.p.A. (**Popolare Vita**), equal to 50% of its share capital plus one share. The equity disinvestment price has been determined in accordance with the procedures set out in the Popolare Vita Shareholders' Agreement by BDO Italia S.p.A. and BDO AG Wirtschaftsprüfungsgesellschaft Actuarial Services in application of the methodologies defined in the agreement. In particular, the independent experts determined the sale price for the 21,960,001 Popolare Vita shares held by UnipolSai as €535.5 million. Taking into account the distribution of freely available income-related reserves of Popolare Vita resolved by its shareholders on 30 June 2017 (the portion attributable to UnipolSai amounting to €53.4 million), the overall result concerning the disposal of the Popolare Vita shares held by UnipolSai amounts to €588.9 million.

## Impact of UG's banking sector restructuring plan on UnipolSai

UnipolSai has a 42.25% equity interest in Unipol Banca S.p.A. (**Unipol Banca**) that is included in its financial statements as an unconsolidated equity investment. On 29 June 2017, the Board of Directors of UG, as parent company of the Unipol banking group, approved the guidelines for a restructuring plan of the banking business of the UG Group (the **UG Banking Sector Reorganisation Plan**). The plan envisages the transfer, by means of proportional partial demerger of Unipol Banca in favour of a newly established company (**NewCo**), of a company complex (the **Company Complex**) inclusive, *inter alia*, of a portfolio of the doubtful loans of Unipol Banca (the **Doubtful Loans**), gross of valuation reserves, for an amount of approximately Euro 3 billion after (i) the adjustment of their value in accordance with the conditions currently prevailing in the market for disposal transactions, and (ii) the strengthening of the average rate of coverage of loans classified as “unlikely to pay” and those classified as “past due”, which will remain within Unipol Banca, to the best levels of the banking industry. Such Doubtful Loans correspond to the entire portfolio of doubtful loans of the Unipol Banca at the date of approval of the half-yearly report at 30 June 2017, with the exclusion of the loans for leasing and loan guarantees.

On 18 July 2017, UG transmitted to UnipolSai and to Unipol Banca a memorandum describing the activities and phases for carrying out the UG Banking Sector Reorganisation Plan, which is divided into the following transactions:

- (i) an increase of the average coverage ratios to best-in-class levels: (i) approximately 80% for the doubtful loans; (ii) 40% for the unlikely-to-pay, and (iii) 15% for the past-due;
- (ii) the signing by UG and Unipol Banca of an agreement for the early termination of the indemnity agreement entered into on 3 August 2011 on non-performing loans meant to be included in the Doubtful Loans subject to transfer, as subsequently amended and supplemented (the **Indemnity Agreement**);
- (iii) following the completion of the transactions described under (i) and (ii) above, the disbursement by UG and UnipolSai of capital contributions (*versamenti in conto capitale*) in favour of Unipol Banca, in proportion to the stakes in the share capital of Unipol Banca currently held by the same shareholders, aiming to ensure sustainability of the loss (i) above and on the substantial retention of the balance sheet of the latter in line with the capital ratios existing before the adjustments; and
- (iv) following the transactions described under (i), (ii) and (iii) above, the proportional partial spin-off of Unipol Banca in favour of NewCo (the **Spin-Off**), through the spin-off in favour of the latter, with continuity of carrying amounts, of Unipol Banca's Company Complex consisting essentially: (a) in the assets of Doubtful Loans (along with specialised personnel for the management and processing of such Doubtful Loans and the functional contracts) and the 100% stake in Unipol Reoco S.p.A.; and (b) in the liabilities of shareholders' equity and several payables relating to the Company Complex including the payable deriving from the shareholders' loan which will be disbursed to Unipol Banca in the context of the UG Banking Sector Reorganisation Plan, subsequent to the Bank of Italy's authorisation of the Spin-Off and before the completion thereof.

The Boards of Directors of UnipolSai and Unipol Banca, on 27 and 28 July 2017, respectively, examined and approved the UG Banking Sector Reorganisation Plan.

Following the aforementioned resolutions, as at the date of this Base Prospectus, the following transactions have been carried out:

- on 31 July 2017, UG and Unipol Banca signed the agreement for the early termination of the Indemnity Agreement, signed on 3 August 2011, as subsequently amended and supplemented, effective as of 30 June 2017, pursuant to which the indemnity due from UG to Unipol Banca was fixed at Euro 670.4 million;
- on 31 July 2017, prior to the approval of the interim financial report by the Board of Directors of Unipol Banca, UG and UnipolSai made a non-repayable capital account contribution (which therefore will not be repeated and is not reimbursable) to Unipol Banca for a total amount of Euro 900 million, respectively for



Euro 519.74 million and Euro 380.26 million, proportionally to the owned shares of capital held, in order to replenish the capital of Unipol Banca to a level no lower than Unipol Banca's capital ratios preceding the recognised write-downs on loans, also taking into account the capital of Unipol Banca which will be allocated to NewCo at the time of the Spin-Off; and

- on 2 August 2017, Unipol Banca approved the project for the proportional partial spin-off, in favour of NewCo, of the Company Complex. NewCo will have the same shareholders as Unipol Banca in equal proportions; therefore, Unipol will hold 57.75% of its capital and UnipolSai the remaining 42.25%.

Upon (i) obtaining clearance from the Bank of Italy on 30 October 2017 and (ii) expiry on 7 November 2017 of the 60-day period in which IVASS could have raised any objections to, *inter alia*, the disbursement by UG and UnipolSai of capital contributions (*versamenti in conto capitale*) in favour of Unipol Banca, as described above, the implementation of the UG Banking Sector Reorganisation Plan continued with the conclusion of the demerger which came into effect on 1 February 2018.

Pursuant to an agreement entered into in the context of the Merger above, UG has a call option vis-à-vis UnipolSai and UnipolSai has a put option vis-à-vis UG in respect of 27.49% of the share capital of Unipol Banca. Such option can be exercised by UG up to 6 January 2019 and by UnipolSai on 6 January 2019 at a price that, as at 30 September 2017, is equal to approximately Euro 579 million. According to such agreement: (i) in the case of payments and/or contributions of any nature whatsoever, provided there is no repayment obligation that definitely increases the shareholders' equity in Unipol Banca, the consideration of the put/call option will be increased by the corresponding amount; and (ii) the put/call option automatically extends to the shares issued at the time of the Spin-Off for a share corresponding to 27.49%, without triggering any changes to the put/call exercise price.

### **2017 third quarter results**

On 9 November 2017, the Board of Directors of UnipolSai approved the consolidated results for the third quarter of 2017. See further the press release published by UnipolSai on 10 November 2017 incorporated by reference in this Base Prospectus.

## **REGULATORY FRAMEWORK**

The insurance activities of UnipolSai and its subsidiaries are subject to government regulation primarily in the Republic of Italy, where most of their business is conducted.

The Issuer is a listed company and accordingly is subject to extensive regulation and supervision by CONSOB.

Under the regulatory framework currently in force, all control and supervisory powers in respect of the insurance industry in Italy are exercised by the *Istituto per la Vigilanza sulle Assicurazioni (IVASS)*, save for certain powers specifically reserved (amongst others) to the Italian Ministry of Economic Development.

The main (re)insurance laws are consolidated into the Italian Code of Private Insurance (*Codice delle Assicurazioni Private*, Legislative Decree No. 209/2005, as amended). The Italian Code of Private Insurance sets forth, *inter alia*, provisions relating to: (i) the authorisation to carry out (re)insurance activities; (ii) the solvency capital requirements; (iii) the financial statements; (iv) life and non-life insurance contracts including, without limitation, transparency principles; (v) the intermediation and distribution activities; (vi) the supervisory activities and powers of IVASS; (vii) governance and reporting; and (viii) the applicable bankruptcy proceedings. The Italian Code of Private Insurance has been implemented by several IVASS Regulations and provisions. In addition, the Italian Civil Code contains certain provisions applicable to insurance contracts.

IVASS has broad jurisdiction over many aspects of the insurance business and related aspects, such as solvency capital requirements, own funds, technical reserves, selling and distribution practices, governance, products documentation and transparency principles.

IVASS' activities include (among others): (i) supervision of the technical, financial and solvency capital requirements; (ii) review of financial statements; (iii) supervision of insurance intermediaries (eg. brokers and

agents); (iv) authorisation to conduct insurance activities; (v) adoption of disciplinary measures and sanctions, including revocation of relevant authorisations; (vi) approval of restructuring plans; (vii) submitting proposals to the Ministry of Economic Development in relation to the compulsory winding up (*liquidazione coatta amministrativa*) of insurance companies; and (viii) communication and collaboration with other EU insurance regulatory authorities and bodies. IVASS is entitled, *inter alia*, to request information from insurance companies, conduct audits on their activities, summon (among others) the members of their management and supervisory bodies and to convene shareholders' as well as management and supervisory bodies' meetings to ensure compliance by the management of the insurance company with applicable laws and/or regulations. Furthermore, the acquisition of holdings over certain thresholds in or by insurance companies are subject to IVASS authorisation.

The Italian applicable regulatory framework also requires insurance companies to establish and maintain an ongoing dialogue with IVASS. Amongst other things, intragroup transactions carried out by insurance companies exceeding certain thresholds or not carried out at market conditions are subject to monitoring by IVASS.

In addition to the above, EU laws and regulations provide for specific risk-based capital and solvency requirements for insurance companies which are mainly set forth by Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as subsequently amended, in particular by Directive 2014/51/EU (the **Solvency II Directive**). Implementing provisions of the Solvency II Directive are set forth by EU Commission Delegated Regulation No. 2015/35 (the **Solvency II Regulations**) and are aimed at ensuring harmonisation of the Solvency II Directive throughout the European Union, with particular regard to capital requirements and other measures related to long-term investments, requirements on the composition of insurers' own funds, remuneration issues, system of governance and risk management, requirements for the valuation of assets, technical provisions and liabilities and supervisory reporting.

The Solvency II framework – that has introduced extensive requirements as to own funds, calculation of technical provisions, valuation of assets and liabilities, governance structure, regulatory reporting and disclosure as well as governance of insurance companies – entered into force on 1 January 2016. In Italy, the Solvency II Directive has been implemented by Legislative Decree No. 74 of 12 May 2015, which substantially amended the Italian Code of Private Insurance.

## **UNIPOLSAI GROUP FINANCIAL DEBT**

The Group's financial debt (being the total amount of financial liabilities not strictly associated with normal business operations, excluding therefore liabilities that are operating debt or liabilities directly or indirectly associated with the assets) amounted to Euro 2,297 million as at 30 June 2017 and Euro 2,319 million as at 31 December 2016. Below is a summary description of the principal financial liabilities of the Group.

### **Subordinated Callable Notes due 2021/2023**

On 15 June 2001, Compagnia Assicuratrice UNIPOL S.p.A. issued the **Euro 300,000,000 Fixed/Floating Rate Subordinated Callable Notes due 2021** (XS0130717134), which are currently listed on the Luxembourg Stock Exchange. Compagnia Assicuratrice UNIPOL S.p.A. (now UG) was substituted by UGF Assicurazioni S.p.A. (which then changed its name to Unipol Assicurazioni S.p.A.) as issuer of the notes with effect from 5 August 2009. Simultaneously with such substitution, UG executed a deed of guarantee to guarantee the issuer's payment obligations under the notes. UnipolSai succeeded Unipol Assicurazioni as issuer of the notes following the Merger. The notes mature on 15 June 2021 and may be redeemed at the option of the Issuer on each interest payment date commencing 15 June 2011 subject to prior authorisation by IVASS. Interest currently accrues on the notes at a floating rate of three months' EURIBOR plus 250 basis points (following the expiry of the initial fixed rate period from the issue date through to 15 June 2011 during which interest accrued at a 7 per cent. per annum fixed rate).

On 28 July 2003, Compagnia Assicuratrice UNIPOL S.p.A. issued the **Euro 300,000,000 Fixed/Floating Rate Subordinated Callable Notes due 2023** (XS0173649798), which are currently listed on the Luxembourg Stock Exchange. Compagnia Assicuratrice UNIPOL S.p.A. (now UG) was substituted by UGF Assicurazioni S.p.A. (which then changed its name to Unipol Assicurazioni S.p.A.) as issuer of the notes with effect from 29 December

2009, following approval of such substitution by the noteholders by extraordinary resolution. Simultaneously with such substitution, UG executed a deed of guarantee to guarantee the issuer's payment obligations under the notes. UnipolSai succeeded Unipol Assicurazioni as issuer of the notes following the Merger. The notes mature on 28 July 2023 and may be redeemed at the option of the Issuer on each interest payment date commencing 28 July 2013 subject to prior authorisation by IVASS. Interest currently accrues on the notes at a floating rate of three months' EURIBOR plus 250 basis points (following the expiry of the initial fixed rate period from the issue date through to 28 July 2013 during which interest accrued at a 5.66 per cent. per annum fixed rate). In June 2009, UG launched a public tender offer to purchase the notes, upon the conclusion of which notes of an aggregate principal amount of Euro 38,311,000 were repurchased by UG. These notes were purchased by UnipolSai from UG in 2009 and they continue to be held by UnipolSai.

Both series of subordinated notes are eligible to qualify as Tier 2 own funds in accordance with the transitional provisions of Solvency II.

On 18 June 2014, UnipolSai issued **Euro 750,000,000 Fixed/Floating Undated Subordinated Notes** (XS1078235733), which are currently listed on the Luxembourg Stock Exchange. The notes are perpetual and may be redeemed at the option of the Issuer on each interest payment date commencing 18 June 2024 subject to prior authorisation by IVASS. Interest accrues on the notes at a fixed rate of 5.75% until the first call date, and thereafter at a floating rate of three months' EURIBOR plus 518 basis points. These notes are eligible to qualify as restricted Tier 1 own funds in accordance with the transitional provisions of Solvency II.

### **Subordinated loan agreements**

UnipolSai, as successor of the companies participating in the Merger, has succeeded as borrower under the following loan agreements.

- On 23 July 2003, **Fonditalia-SAI** and Mediobanca entered into a subordinated loan agreement for a total amount of Euro 400 million. The scheduled maturity date is July 2023 and the loan is repayable in five equal annual instalments starting from the 16th anniversary of the drawdown date, and may be repaid in advance at the option of the borrower commencing from 23 July 2013 subject to approval by IVASS. The loan is eligible to qualify as restricted Tier 1 own funds in accordance with the transitional provisions of Solvency II.
- On 20 December 2005, **Fonditalia-SAI** and Mediobanca entered into a subordinated loan agreement for a total amount of Euro 100 million. The scheduled maturity date is December 2025 and the loan is repayable in five equal annual instalments starting from the 16th anniversary of the drawdown date and may be repaid in advance at the option of the borrower commencing from 30 December 2015 subject to approval by IVASS. This loan is eligible to qualify as Tier 2 own funds in accordance with the transitional provisions of Solvency II.
- On 22 June 2006, **Fonditalia-SAI** and **Milano Assicurazioni** entered into a subordinated loan agreement with Mediobanca, for a total amount of Euro 300 million (of which Euro 150 million was granted to Fonditalia-SAI and Euro 150 million to Milano Assicurazioni). The scheduled maturity date is July 2026 and the loan is repayable in five equal annual instalments starting from the 16th anniversary of the drawdown date, and may be repaid in advance at the option of the borrower commencing from the tenth anniversary of the drawdown date subject to approval by IVASS. On 14 July 2008, Milano Assicurazioni made a partial early repayment of such loan for an aggregate amount equal to Euro 100 million; therefore the aggregate principal amount currently outstanding under this loan agreement is Euro 200 million. This loan is eligible to qualify as Tier 2 own funds in accordance with the transitional provisions of Solvency II.

Following an agreement between UnipolSai and Mediobanca on 11 September 2014, interest on the above loans accrues at a rate per annum equal to six months Euribor plus 251.5 basis points (of which 71.5 basis points qualify as an additional spread based on the "Additional Costs" provision triggered by EU Regulation No. 575/2013 of the European Parliament and the Council (the **Capital Requirement Regulation**)).

These loan agreements provide that interest due and payable may be deferred by the borrower in specific circumstances set out therein. The loan agreements further provide for loss absorption provisions so that principal or interest amounts due under the loans may be reduced temporarily in order to absorb losses of the borrower. In the event that the borrower is subject to liquidation proceedings, the loan agreements will terminate with immediate effect and the amounts due will become immediately repayable, subject to the subordination provisions. These loan agreements also include certain covenants and negative pledges prohibiting, *inter alia*, reduction of the share capital other than in accordance with legal obligations; acquisition of treasury shares for amounts in excess of 2 per cent. of the share capital; and distributions of dividends in the event of loss absorption as provided for by the loan agreements. In addition, there is a prohibition to enter into subordinated loans that do not include additional subordination restrictions with respect to these loans. As at the date of this Base Prospectus, no events of default have occurred or are outstanding under these loans.

## Other indebtedness

Group financial debt comprises payables to banks and other lenders in the amount of Euro 291 million as at 30 June 2017 and Euro 292 million as at 31 December 2016. These relate primarily to a Euro 170 million loan obtained by the real estate fund Athens R.E. Fund for the purpose of purchasing properties and undertaking improvement works; and a Euro 112 million loan taken out by the real estate fund Tikal R.E. Fund from Unipol Banca.

## Own funds and capital requirement coverage ratios

As at 31 December 2016, UnipolSai had own funds eligible to cover the capital requirements equal to 2.43 times the Solvency Capital Requirement (at solo level) and 4.84 times the Minimum Capital Requirement (at solo level). The following table shows the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level; the capital requirements (SCR and MCR); and the coverage ratios of the capital requirements, in each case at solo level and calculated (where applicable) on the basis of the Partial Internal Model as at 31 December 2016 and 30 September 2017.

	Total		Tier 1 unrestricted		Tier 1 restricted		Tier 2		Tier 3	
	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17
<i>(euro in millions, except for ratios)</i>										
<b>Eligible amount of own funds</b>										
Total eligible own funds to meet SCR	7,285.6	8,096.7	5,002.6	5,957.8	1,246.6	1,223.2	899.8	896.4	136.7	19.3
Total eligible own funds to meet MCR	6,518.5	7,481.5	5,002.6	5,957.8	1,246.6	1,223.2	269.3	300.5		
<b>SCR, MCR and Capital Requirement coverage ratios</b>										
Solvency Capital Requirement (SCR)	2,992.6	3,338.4								
Minimum Capital Requirement (MCR)	1,346.7	1,502.3								
Ratio of Eligible own funds to SCR	2.43	2.43								
Ratio of Eligible own funds to MCR	4.84	4.98								

The following table sets forth the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level; the capital requirements (SCR and MCR); and the coverage ratios of the capital requirements, in each case, calculated on the basis of the Undertaking Specific Parameters, at Unipol Group level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance as at 31 December 2016 and 30 September 2017.

	Total		Tier 1 unrestricted		Tier 1 restricted		Tier 2		Tier 3	
	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17
<i>(euro in millions, except for ratios)</i>										
<b>Eligible amount of own funds</b>										
Total eligible own funds to meet SCR	6,664.4	6,600.3	4,426.8	4,386.1	894.0	845.5	948.5	1,011.6	395.1	357.1
Total eligible own funds to meet MCR	4,869.4	4,657.0	3,576.1	3,382.0	894.0	845.5	399.2	429.4		
<b>SCR, MCR and Capital Requirement coverage ratios</b>										
Solvency Capital Requirement (SCR)	4,723.4	4,759.5								
Minimum Capital Requirement (MCR)	1,996.1	2,147.2								
Ratio of Eligible own funds to SCR	1.41	1.39								
Ratio of Eligible own funds to MCR	2.44	2.17								

The following table sets forth the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level; the capital requirements (SCR and MCR); and the coverage ratios of the capital requirements, in each case, calculated on the basis of Economic Capital (being the measure of absorbed capital calculated on the basis of the principles and models applied in the Partial Internal Model and having operational value), at Unipol Group level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance as at 31 December 2016 and 30 September 2017.

	Total		Tier 1 unrestricted		Tier 1 restricted		Tier 2		Tier 3	
	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17	31.12.16	30.9.17
<i>(euro in millions, except for ratios)</i>										
<b>Eligible amount of own funds</b>										
Total eligible own funds to meet SCR	6,508.7	6,619.5	4,396.6	4,545.3	886.5	885.3	872.0	905.9	353.6	283.0
Total eligible own funds to meet MCR	4,755.0	4,784.2	3,546.0	3,541.2	886.5	885.3	322.6	357.7		
<b>SCR, MCR and Capital Requirement coverage ratios</b>										
Solvency Capital Requirement (SCR)	4,039.5	4,197.4								
Minimum Capital Requirement (MCR)	1,613.0	1,788.6								
Ratio of Eligible own funds to SCR	1.61	1.58								
Ratio of Eligible own funds to MCR	2.95	2.67								

The following table sets forth the main components of the Solvency Capital Requirement of UnipolSai calculated (where applicable) on the basis of the Partial Internal Model as at 31 December 2016 and 30 September 2017.

	31.12.2016	30.09.2017
	<i>(euro in thousands)</i>	
<b>Risk Categories</b>		
Non-Life and health underwriting risk	2,196,290	2,197,978
Life underwriting risk	195,224	141,125
Market risk	1,710,456	1,994,255
Credit risk	397,828	350,760
Diversification	-1,010,956	-696,375
<b>Basic Solvency Capital Requirement</b>	<b>3,488,842</b>	<b>3,987,742</b>
Operational risk	524,118	514,307
Ring Fenced Funds	19,973	20,779
Loss absorbing capacity of technical provisions	-200,414	-245,175
Loss absorbing capacity of deferred taxes	-896,093	-1,000,527
Model Adjustment	56,151	61,290
<b>SCR</b>	<b>2,992,577</b>	<b>3,338,416</b>

The following table sets forth the main components of the Solvency Capital Requirement at the Unipol Group level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance, calculated on the basis of Undertaking Specific Parameters and on the basis of Economic Capital (being the measure of absorbed capital calculated on the basis of the principles and models applied in the Partial Internal Model and having operational value), as at 31 December 2016 and 30 September 2017.

	31.12.2016	30.09.2017	31.12.2016	30.09.2017
	Undertaking Specific	Parameters	Economic Capital	
	<i>(euro in thousands)</i>			
Non-Life and health underwriting risk	2,635,207	2,656,366	2,652,895	2,659,883
Life underwriting risk	593,607	381,916	335,323	176,664
Market risks	3,440,490	3,761,104	1,980,072	1,979,052
Credit risk	399,228	358,555	320,057	289,535
Diversification	-2,071,252	-1,952,729	-1,613,650	-1,438,078
<b>Basic Solvency Capital Requirement</b>	<b>4,997,280</b>	<b>5,205,212</b>	<b>3,674,698</b>	<b>3,667,057</b>
Operational risk	633,412	624,682	626,984	583,502
Ring Fenced Funds	33,547	32,819	25,668	24,869
Loss absorbing capacity of technical provisions	-707,666	-736,662	-369,791	-272,875
Loss absorbing capacity of deferred taxes	-1,105,323	-1,138,860	-923,469	-933,560
SCR of foreign subsidiaries			133,215	356,133
<b>Diversified SCR</b>	<b>3,851,249</b>	<b>3,987,191</b>	<b>3,167,304</b>	<b>3,425,126</b>
SCR of other related undertakings (SCR OT)	96,808	96,391	96,808	96,391
Banking Group's capital requirement	775,371	675,910	775,371	675,910
<b>SCR</b>	<b>4,723,429</b>	<b>4,759,492</b>	<b>4,039,484</b>	<b>4,197,428</b>



## SCR sensitivities

The following table illustrates the sensitivities, as at 31 December 2016 and 30 September 2017, expressed (in basis points) as a measure of their impact on UnipolSai's Solvency II ratio at solo level calculated on the basis of the Partial Internal Model.

Type of risk	Shift upwards/downwards with respect to the central scenario	Impact on Solvency II ratio	Impact on Solvency II ratio
		31 December 2016	30 September 2017
Shift upward of the interest yield curve	+50 bps	-10 bps	-2 bps
Shift downward of the interest yield curve	-10 bps	+9 bps	+11 bps
	interest rate: +25 bps		
Shock on yield	credit spread: +50 bps	-6 bps	-6 bps
Shock on equity market	-20%	-3 bps	-1 bps
Shock on property market	-15%	-8 bps	-6 bps

The following table illustrates the sensitivities, as at 31 December 2016 and 30 September 2017, expressed (in basis points) as a measure of their impact on Solvency II ratio at Unipol Gruppo level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance and calculated on the basis of the Standard Formula and Undertaking Specific Parameters.

Type of risk	Shift upwards/downwards with respect to the central scenario	Impact on Solvency II ratio	Impact on Solvency II ratio
		31 December 2016	30 September 2017
Shift upward of the interest yield curve	+50 bps	+3 bps	+1 bps
Shift downward of the interest yield curve	-10 bps	-1 bps	0 bps
	interest rate: +25 bps		
Shock on yield	credit spread: +50 bps	-4 bps	-6 bps
Shock on equity market	-20%	-3 bps	-2 bps
Shock on property market	-15%	-5 bps	-6 bps

The following table illustrates the sensitivities, as at 31 December 2016 and 30 September 2017, expressed (in basis points) as a measure of their impact on Solvency II ratio at Unipol Gruppo level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance and calculated on the basis of the Economic Capital (being the measure of absorbed capital calculated on the basis of the principles and models applied in the Partial Internal Model and having operational value).

Type of risk	Shift upwards/downwards with respect to the central scenario	Impact on Solvency II SCR ratio	Impact on Solvency II SCR ratio
		31 December 2016	30 September 2017
Shift upward of the interest yield curve	+50 bps	-7 bps	-1 bps
Shift downward of the interest yield curve	-10 bps	+5 bps	+5 bps
	interest rate: +25 bps		
Shock on yield	credit spread: +50 bps	-5 bps	-6 bps
Shock on equity market	-20%	-2 bps	-1 bps
Shock on property market	-15%	-9 bps	-6 bps

## EMPLOYEES

As at 31 December 2016, the Group had 10,280 employees, whereas as at 30 June 2017, the Group had 10,681 employees.

## SHAREHOLDERS

As at the date of this Base Prospectus, UnipolSai's issued share capital amounts to Euro 2,031.5 million, which is comprised of 2,829,717,372 ordinary shares without nominal value (2,829,702,916 ordinary shares as at 31 December 2015). The change is due to the share capital increase carried out in connection with the merger by incorporation into UnipolSai of:

- Liguria – Società di Assicurazioni S.p.A. and Liguria Vita S.p.A., with the consequent issue of 12,525 new UnipolSai ordinary shares in favour of minority shareholders of Liguria; and



- Dialogo S.p.A. in liquidation, with the consequent issue of 1,931 new UnipolSai ordinary shares in favour of minority shareholders of the company.

Pursuant to the declarations of shareholdings made pursuant to Article 120 of the Financial Services Act and information at the disposal of UnipolSai as at 31 December 2017, shareholders holding more than 3 per cent. of UnipolSai's ordinary share capital (including treasury shares held by UnipolSai directly and through subsidiaries) were as follows:

Declarant	Direct Shareholder	Type of possession	Percentage of voting capital	Percentage of ordinary capital	Percentage of all share capital
Unipol Gruppo S.p.A.	Unipol Gruppo S.p.A.	Owner	53.179%	53.179%	53.179%
	Unipol Finance S.r.l.	Owner	9.992%	9.992%	9.992%
	Unipol Investment S.p.A.	Owner	9.999%	9.999%	9.999%
	<b>Total</b>		<b>73.170%</b>	<b>73.170%</b>	<b>73.170%</b>

UnipolSai is controlled within the meaning of Article 2359(1)(1) of the Italian Civil Code by UG, which exercises management and coordination over UnipolSai pursuant to Article 2497 and related provisions of the Italian Civil Code.

## CORPORATE GOVERNANCE

Corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange, such as UnipolSai, are contained in the Italian Civil Code, the Financial Services Act, CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**) and the voluntary Corporate Governance Code issued by Borsa Italiana S.p.A.

UnipolSai has adopted a "traditional" system of corporate governance, based on a conventional organisational model involving shareholders' meetings, a board of directors, a board of statutory auditors and independent auditors.

Pursuant to its by-laws, the management of UnipolSai is entrusted to a collegial body made up of no fewer than nine and no more than 19 members (including the independent directors in accordance with applicable law and regulations), appointed by the shareholders' meeting (collectively the **Board of Directors** and each member so appointed a **Director**).

Directors are appointed for a term of three years, or for a shorter period determined by the shareholders' meeting when appointing them, and they may be reappointed. UnipolSai's by-laws provide for a voting list system for the appointment of all members of the Board of Directors.

The Board of Directors has the widest possible powers to perform the ordinary and extraordinary tasks involved in managing UnipolSai. It is authorised to take all the steps that it deems appropriate in order to achieve UnipolSai's aims and corporate objectives, with the sole exception of the powers expressly reserved by law and by UnipolSai's by-laws to the shareholders' meeting. In addition, UnipolSai's by-laws confer upon the Board of Directors the power, on the terms and modalities set forth by law, not only to resolve upon the issue of non-converible bonds, but also to approve the resolutions concerning, *inter alia*, the following matters: (a) mergers in circumstances envisaged by articles 2505 and 2505-bis of the Italian Civil Code and demergers in circumstances envisaged in article 2506 of the Italian Civil Code; (b) decrease of share capital, in case of shareholder withdrawal; (c) amendments to the by-laws in order to comply with applicable regulations; and (d) transfer of the registered office within the territory of Italy.

Pursuant to UnipolSai's by-laws, the board of statutory auditors (*collegio sindacale*) is composed of three auditors and three alternate auditors, each of whom shall meet the requirements provided for by applicable law and UnipolSai's by-laws (collectively, the **Board of Statutory Auditors**). All members of the Board of Statutory Auditors are appointed by the shareholders' meeting for three years and can be reappointed. UnipolSai's by-laws provide for a voting list system for the appointment of all members of the Board of Statutory Auditors. The

alternate auditors will automatically replace any statutory auditor who resigns or who is otherwise unable to serve as a statutory auditor.

The Board of Statutory Auditors supervises compliance with the law and by-laws, respect for the principles of good administration and, in particular, whether the organisational, administrative and accounting structure adopted by the Board of Directors is appropriate and operating as it should.

UnipolSai's by-laws contain provisions aimed at enabling compliance with applicable laws and regulations on the gender balance within the Board of Directors and the Board of Statutory Auditors.

## **Management**

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

UnipolSai's current Board of Directors was appointed at the Shareholders' meeting of UnipolSai on 27 April 2016 (save for Vittorio Giovetti who was co-opted by the Board of Directors at a meeting held on 10 May 2017 and Cristina De Benetti who was co-opted by the Board of Directors at a meeting held on 9 November 2017). Unless their term of office is terminated early, all members will remain in office until the Shareholders' meeting called to approve UnipolSai's financial statements for the financial year ending 31 December 2018 (save for Vittorio Giovetti and Cristina De Benetti who hold office until the date fixed for the next shareholders' meeting).

The following table sets out the current members of UnipolSai's Board of Directors.

<b>Name</b>	<b>Position</b>
Carlo Cimbri	Chairman
Fabio Cerchiai	Deputy Chairman
Pierluigi Stefanini	Deputy Chairman
Francesco Berardini	Director
Paolo Cattabiani	Director
Lorenzo Cottignoli	Director
Ernesto Dalle Rive	Director
Cristina De Benetti	Director
Giorgio Ghiglieno	Director
Vittorio Giovetti	Director
Massimo Masotti	Director
Maria Rosaria Maugeri	Director
Maria Lillà Montagnani	Director
Nicla Picchi	Director
Giuseppe Recchi	Director
Elisabetta Righini	Director
Barbara Tadolini	Director
Francesco Vella	Director

The business address of the members of the Board of Directors is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

### ***Other offices held by members of the Board of Directors***

The table below lists the offices on boards of directors, boards of statutory auditors, supervisory committees or other positions held by the members of UnipolSai's Board of Directors outside UnipolSai.

<b>Name</b>	<b>Position</b>	<b>Main positions held by Directors outside UnipolSai</b>
Carlo Cimbri	Chairman	Chief Executive Officer, Group CEO and General Manager of Unipol Gruppo S.p.A.; Director of RCS Media Group; Director of Euresa GEIE S.A.; Director of Censis Foundation ( <i>Fondazione Centro Studi Investimenti Sociali</i> ); Member of the Board of Directors of FeBAF ( <i>Federazione delle</i>

Name	Position	Main positions held by Directors outside UnipolSai
		<i>Banche; delle Assicurazioni e della Finanza – Banking; Insurance and Financial Federation)</i>
Fabio Cerchiai	Deputy Chairman	Professor at the Università Cattolica del Sacro Cuore of Milan – Faculty of Banking, Finance and Insurance; Member of the Italian Institute of Business Economics; Member of the Board of Assonime (Association of Italian Joint Stock Corporations); Chairman and Director of Arca Vita S.p.A.; Chairman and Director of Arca Assicurazioni S.p.A.; Chairman of Atlantia S.p.A.; Director of AISCAT (Italian Association of Motorway and Tunnel operations); Deputy Chairman of ANSPC (National Association for the Analysis of Credit Issues); Chairman of Autostrade per l'Italia S.p.A.; Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A.; Member of the governing council of Fondazione Centro Studi Investimenti Sociali – CENSIS; Chairman and Director of Cerved Information Solutions S.p.A.; Chairman and Director of Edizione S.r.l.
Pierluigi Stefanini	Deputy Chairman	Chairman of Unipol Gruppo S.p.A.; Director of Finsoe S.p.A.; Director of Unipol Banca S.p.A.; Chairman of the European network of fourteen mutual and cooperative insurance companies; President of ASviS ( <i>Alleanza Italiana per lo Sviluppo Sostenibile</i> ); Chairman of the Unipolis Foundation; Deputy Chairman of EURES
Francesco Berardini	Director	Director of Unipol Gruppo S.p.A., Chairman of Coop Liguria Soc. Coop.; Chairman and Chief Executive Officer of Talea S.p.A.; Director of Coop Consorzio Nord Ovest S.c.a.r.l.; Director of Finsoe S.p.A.; Deputy Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A.; Director of Coop Italia S.c.a r.l.; Deputy Chairman of Coop Italian Food S.p.A.; Deputy Chairman of Scuola Coop – Istituto Nazionale di Formazione delle Cooperative di Consumatori – Montelupo Soc. Coop.
Paolo Cattabiani	Director	Director of Unipol Gruppo S.p.A., Director of REFINCOOP S.p.A.; Director of Finsoe S.p.A.; Chairman and Director of Immobiliare Nordest S.p.A.; Chairman of Aurora S.r.l., Director of Coop Italia Soc. Coop.; Director of COOPFOND S.p.A.; Director of BOOREA Soc. Coop.; Director of Digitail S.r.l.; Chief Executive Officer of Coop Alleanza 3.0 Soc. Coop.; Director of Trmedia S.r.l.
Lorenzo Cottignoli	Director	Chairman of Associazione delle Agenzie Societarie Unipol (Association of Unipol Corporate Agents); Member of the Regional Directorate of Legacoop Emilia-Romagna; Director of Fondazione Museo del Risorgimento; Chairman of the Federazione delle Cooperative della Provincia di Ravenna S.C.P.A.; Chairman of Tecnagri Project S.r.l.; General Manager of the Federation of Cooperatives of the Province of Ravenna; Chairman and Director of Greentechology S.r.l.; Director of Pegaso Finanziaria S.p.A.; Director of Cooperare S.p.A.; Director of Finanza Cooperativa S.C.P.A.; Director of Assicoop Toscana S.p.A.; Director of Finsoe S.p.A.; Member of the Board of National Union of Cooperatives and Mutual Funds; Director of C.C.F.S. S.c a r.l.; Director of Tenute del Cerro S.p.A.; Chairman of Parfinco S.p.A.; Deputy Chairman of Integra Broker S.r.l.; Statutory Auditor of Cefla Capital Services S.p.A.; Chairman and Chief Executive Officer of Assicoop Romagna Futura S.r.l.; Director of Assicoop Bologna Metropolitana S.p.A.; Director of Assicoop Emilia Nord S.p.A.
Ernesto Dalle Rive	Director	Director of Unipol Gruppo S.p.A.; Chairman, Chief Executive and General Manager of Nova Coop Soc. Coop.; Director of Finsoe S.p.A.; Deputy Chairman of Coop Italia Soc. Coop.
Cristina De Benetti	Director	Director of Unipol Banca S.p.A.; Director of Autogrill S.p.A.; Director of Autostrade Meridionali S.p.A.; Director of Aeroporto di Treviso S.p.A.; Director of Mobilità di Marca S.p.A.
Giorgio Ghiglieri	Director	Member of the Board of Auditors of Fondazione Agnelli
Vittorio Giovetti	Director	General Agent in Modena of UnipolSai; Chairman of the Agents' Group of La Fondiaria
Massimo Masotti	Director	Chairman of the Association of Chartered Accountants of Emilia-Romagna; Statutory Auditor of CIICAI Soc. Coop.; Chairman of the Board of Statutory Auditors of Il Raccolto – Soc. Coop. Agricola; Chairman of the Board of Statutory Auditors of Caleidoscopio Soc. Coop.; Statutory Auditor

Name	Position	Main positions held by Directors outside UnipolSai
		of Aclichef Soc. Coop.; Chairman of the Board of Statutory Auditors of De Toschi S.p.A.; Chief Executive Officer of Finanziaria Bolognese FI.BO S.p.A.; Statutory Auditor of Cefla Capital Services S.p.A.; Director of Pegaso Finanziaria S.p.A.; Statutory Auditor of the Consortium Concerto Soc. Coop.; Statutory Auditor of Sicuritalia Servizi Fiduciari – Soc. Coop.; Single Auditor of the Consortium Libra – Soc. Coop.; Chairman of the Board of Statutory Auditors of the Consortium Abitare S.c. a r.l.; Single Auditor of Insieme Azienda consortile Interventi Sociali Valli del Reno, Lavino e Samoggia; Director of Hope S.r.l.; Chairman of the Board of Statutory Auditors of C.C.F.S. Soc. Coop.; Chairman of Independent Auditors of Fondazione Eris Onlus; Chairman of the Board of Statutory Auditors of Consortium Eureka; Chief Executive Officer of Parfinco S.p.A.; Chairman and Chief Executive Officer of Re. & Vi. S.r.l.; Statutory Auditor of Cooperative Sociale Futura Soc. Coop.; Chairman of the Board of Statutory Auditors of Innovazione S.c.p.a.; Independent Auditor of Consorzio SOL.CO Cremona Soc. Coop. Sociale; Independent Auditor of CTS Soc. Coop. Sociale; Chairman of the Board of Statutory Auditors of Enaip Lombardia Fondazione; Statutory Auditor of Società Cooperativa Sociale Borea S.r.l.; Chief Executive Officer of Paragon Business Advisors S.r.l.; Chairman of the Board of Statutory Auditors of Labor S.p.A.; Chairman of the Board of Statutory Auditors of Società Cooperativa Sociale Varietà; Chairman of the Board of Statutory Auditors of Sviluppo S.r.l.; Chairman of the Board of Statutory Auditors of Inventori di Viaggio Soc. Coop.; Independent Auditor of Charis S.c.a.r.s.; Single Auditor of Dinamica S.c.a.r.l.
Maria Rosaria Maugeri	Director	Full Professor at the University of Catania; Member of the Advisory Board of SECOLA (Society of European Contract Law); Lecturer for the Masters in Environmental Law at the Sapienza University in Rome; Lecturer for the Masters in Company Law at the LUISS Guido Carli University in Rome; Co-Editor of the “Studi di Diritto Privato” (Private Law Studies) series, ESI; Editor-in-Chief of the Magazine <i>Osservatorio di Diritto Civile e Commerciale</i> , il Mulino; Member of ERC (European Research Centre); Co-Editor of Collana “Diritto Privato. Nuovi Orizzanti”, Esi; Director of Trenitalia S.p.A.; President of the Board of the “Banking and Financial Arbitrators” of Palermo.
Maria Lillà Montagnani	Director	Associate Professor of Commercial Law at the Bocconi University in Milan; Visiting Fellow of the Intellectual Property Research Institute (“CCLS”), Queen Mary University of London; Member of International Literary and Artistic Association (“ALAI”); Member of the Steering Committee of the International Society for History and Theory of Intellectual Property (“ISHTIP”); Member of the Industrial Law Ph.D. Board of the University of Milan; Director of the Art, Science and Knowledge Research Center (“ASK”) –at Bocconi University in Milan.
Nicla Picchi	Director	Founding partner of Picchi & Associati; Chair of the Supervisory Board of Gefran S.p.A.; Chair of the Supervisory Board of Faringosi Inges S.p.A.; Chair of the Supervisory Board of Alfa Accia S.p.A.; Director of Lexolution S.r.l.; Director and Chair of the Supervisory Board of SABAF S.p.A.; Director of Palazzo Nettuno S.r.l.; Director of SAIPEM; S.p.A.; Chairman of the Supervisory Board of the National Social Security Fund of Chartered Accountants.
Giuseppe Recchi	Director	Member of Executive Board of Confindustria; Co-Chair of the B20 Task Force on Improving Transparency and Anti-Corruption; Member of Executive Board of Assonime; Member of the Board of Directors of the Italian Institute of Technology; Chairman of Telecom Italia S.p.A.; Member of Advisory Board of Confindustria; Director of ESAOTE S.p.A.; Chairman of Telecom Italia Ventures S.r.l.; Director of Istituto Europeo di Oncologia S.r.l.;
Elisabetta Righini	Director	Associate Professor of Commercial Law at the “Carlo Bo” University of Urbino; Professor of Trade and Financial Markets Law at the Urbino Economy Faculty; Member of the editorial boards of the journals “Commercial Law”, “Bank, Stock Exchange and Credit Instruments” both published by Giuffrè, and “Italian Law” published by Utet; Member of the Council of the Department of Law of Carlo Bo University; Director of

Name	Position	Main positions held by Directors outside UnipolSai
		Biesse S.p.A.
Barbara Tadolini	Director	Bankruptcy Receiver and Technical Advisor to the Court of Genoa; Statutory Auditor of Burke & Novi S.r.l.; Statutory Auditor of Luxottica S.p.A.; Statutory Auditor of Francesco Baretto S.p.A.; Statutory Auditor of Parmalat S.p.A.
Francesco Vella	Director	Professor at the Faculty of Law at the University of Bologna; Chairman of the Board of Statutory Auditors of Luxottica Group S.p.A.; Director of Unipol Banca S.p.A.

### *Committees of the Board of Directors*

Under the authority conferred on it by UnipolSai's by-laws, the Board of Directors has deemed it appropriate to set up specific internal committees consisting of some of its members in order to increase the efficiency and the effectiveness of its activities. Such committees have a propositional and advisory role.

As at the date of this Base Prospectus, the following committees have been created within the Board of Directors:

- the **Chairman's Committee** exercises advisory functions and cooperates in the identification of development policies and guidelines for the strategic and operating plans to be submitted to the Board of Directors. It is composed of the Chairman of the Board of Directors and the Deputy Chairmen. The General Manager of UnipolSai attends, by right, the sessions of the Chairman's Committee.

The Board of Directors has appointed as members of the Chairman's Committee Mr. Carlo Cimbri (Chairman), Mr. Fabio Cerchiai and Mr. Pierluigi Stefanini.

- the **Remuneration Committee** is responsible for submitting proposals to the Board of Directors regarding the general policies for the remuneration of the Issuer's directors and key management personnel (including the managers of the Corporate Control Functions), making proposals to the Board of Directors for the remuneration of the executive directors and of other directors who hold special offices, as well as setting performance targets relating to the variable component of such remuneration, in line with the remuneration policies adopted by the Board of Directors. It also has the task of monitoring the implementation of the decisions adopted by the Board of Directors and verifying the actual achievement of performance targets. The committee expresses opinions on the regular evaluation of the suitability, overall consistency and practical application of the policies for the remuneration of directors and key executives (including the managers of the Corporate Control Functions) and submits proposals in such regard to the Board of Directors.

The Board of Directors has appointed as members of the Remuneration Committee Mr. Francesco Vella (as Chairman), Ms. Maria Rosaria Maugeri and Ms. Nicola Picchi.

- the **Control and Risks Committee** has an advisory, consultative and investigatory role and assists the Board of Directors in its assessments and decisions relating mainly to the internal control and risk management system and the approval of regular accounting documents.

The Board of Directors has appointed as members of the Control and Risks Committee Mr. Massimo Masotti (as Chairman), Mr. Giorghi Ghiglieno and Ms. Elisabetta Righini.

- the **Nomination and Corporate Governance Committee** provides proposals and advice in the identification of the optimal composition of the Board of Directors and in the shaping of the corporate system of governance. In particular, the Committee submits to the Board of Directors candidates for directors offices in case of co-optation, should the replacement of independent directors be necessary; it oversees the annual board performance evaluation; and it provides its opinions to the Board of Directors regarding the size and composition of the Board as well as the skills and professional qualifications it feels

should be represented on the same. The Committee also assists the Board on the implementation of the corporate governance system and on the development of corporate governance regulation or best practice.

The Board of Directors has appointed as members of the Nomination and Corporate Governance Committee Mr. Francesco Vella (as Chairman), Ms. Maria Lillà Montagnani and Ms. Nicla Picchi.

- the **Related Party Transactions Committee** has the role of advising, communicating with and making proposals to the Board of Directors and various UnipolSai entities and subsidiaries in respect of transactions with related parties, in compliance with the provisions of CONSOB Resolution no. 17221 of 12 March 2010, as amended and supplemented and the internal procedure adopted by the Board of Directors.

The Board of Directors appointed as members of the Related Party Transactions Committee, Mr. Massimo Masotti (as Chairman), Mr. Giorgio Ghiglieri, Ms. Elisabetta Righini and Ms. Barbara Tadolini.

### ***Senior management***

The following table sets forth the members of UnipolSai's senior management (the **Senior Management**), together with their current positions:

<b>Name</b>	<b>Position</b>
Carlo Cimbri	Chairman of Board of Directors
Matteo Laterza	General Manager
Renzo Avesani	Chief Risk Officer
Maurizio Castellina	Administration, Management Control and Operations Co-General Manager
Alfonso Galante	Chief Strategic Planning, Investor Relations and M&A Officer
Roberto Giay	Corporate Legal Affairs Shareholdings and Institutional Relations Co-General Manager
Enrico San Pietro	Insurance Business Co-General Manager
Giuseppe Santella	Human Resources and Organisation Co-General Manager
Gian Luca Santi	Real Estate and Diversified Companies Co-General Manager
Andrea Alessandri	Head of Audit
Gianluca De Marchi	Head of Risk Management
Pietro Ranieri	Head of Compliance and Anti-Money Laundering

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

The current Board of Statutory Auditors consists of three auditors and three alternate auditors and was appointed at the shareholders' meeting of UnipolSai on 17 June 2015. The term of office of the current Board of Statutory Auditors will expire at the shareholders' meeting called to approve UnipolSai's financial statements for the financial year ending 31 December 2017. The following table sets out the current members of UnipolSai's Board of Statutory Auditors:

<b>Name</b>	<b>Position</b>
Paolo Fumagalli	Chairman
Giuseppe Angiolini	Statutory Auditor
Silvia Bocci	Statutory Auditor
Domenico Livio Trombone	Alternate Auditor
Luciana Ravicini	Alternate Auditor
Donatella Busso	Alternate Auditor

The business address of the members of the Board of Statutory Auditors is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.



## ***Board of Statutory Auditors' other offices***

The principal business activities, positions and other principal directorships, if any, held outside of UnipolSai by each of the members of the Board of Statutory Auditors are summarised below.

<b>Name</b>	<b>Position</b>	<b>Main positions held by Statutory Auditors outside UnipolSai</b>
Paolo Fumagalli	Chairman	Professor in Pension Funds and Supplementary Welfare at the faculty of Banking, Finance and Insurance Sciences at the Catholic University of Milan; Director of Fondazione Russia Cristiana; Chairman of ENI Pension Fund ("FOPDIRE"); Chairman of CAPFIN S.p.A.; Chairman of BFS Partner S.p.A.; Statutory Auditor of Arriva Italia S.r.l. (Deutsche Bahn Group); Director of ICAM S.p.A.; Chairman of the Board of Statutory Auditors of Autostrade Lombarde S.p.A.; Chairman of the Supervisory Committee of Solidarietà e Servizi Cooperativa Sociale; Chairman of the Board of Statutory Auditors of Astaldi S.p.A.; Statutory Auditor of Consorzio Logistica Pacchi S.c.p.A. (Poste Italiane Group); Chairman of Independent Auditors of Fondazione San Giacomo.
Giuseppe Angiolini		Chairman of Statutory Auditors of FISIA Ambiente S.p.A.; Director of Pellegrini S.p.A.; Director of Aeroporti di Roma S.p.A.; Director of Autostrade per l'Italia S.p.A.; Chairman of the Board of Statutory Auditors of FISIA Italmobiliari S.p.A.
Silvia Bocci	Statutory Auditor	Member of national and regional committees of the Board of Chartered Accountants; Auditor of various companies and public and private bodies; Consultant to the Civil and Criminal Court of Prato in insolvency cases; Statutory Auditor of Unipol Gruppo S.p.A.; Chairman of the Board of Auditors of E.S.T.R.A. Elettricità S.p.A.; Chairman of the Board of Auditors of Piceno Gas Vendita S.r.l.; Chairman of the Board of Auditors of SO.RI. S.p.A.; Statutory Auditor of BESTE S.p.A.; Statutory Auditor of GAS Tronto S.r.l.; Statutory Auditor of G.I.D.A. S.p.A.; Chairman of the Board of Auditors of Solgenera S.r.l.; Statutory Auditor of 5 EFCE C S.p.A.; Chairman of the Board of Auditors of Andali Energia S.r.l.; Chairman of the Board of Auditors of E.S.T.R.A. Energie S.r.l.; Chairman of the Board of Auditors of Società della Salute Area Pratese; Chairman of the Board of Auditors of Centro Oncologico Fiorentino Casa di Cura Villanova S.r.l.; Statutory Auditor of Consiag S.p.A.
Domenico Livio Trombone	Alternate Auditor	CEO Atrikè S.p.A.; Chairman of board of management of Consorzio Cooperative Costruzioni – CCC società cooperativa; Director of Eni S.p.A.; Chairman of the Board of Directors of Focus Investment S.p.A.; Director of La Centrale Finanziaria Generale S.p.A.; Director of La Centrale International S.r.l.; Statutory Auditor of Parco S.p.A. Società Finanziaria di Partecipazioni; Statutory Auditor of C.C.F.S. società cooperativa r.l.; Chairman of the Board of Statutory Auditors of Coop Alleanza 3.0 società cooperativa; Chairman of the Board of Statutory Auditors of Holding di Iniziativa Industriale S.p.A.; Statutory Auditor of Il Ponte S.p.A.; Statutory Auditor of PLT Energia S.p.A.; Chairman of the Board of Statutory Auditors of Tenute del Cerro S.p.A. – società Agricola; Chairman of the Board of Statutory Auditors of Unipol Banca S.p.A.; Statutory Auditor of Unipol Investment S.p.A.; Statutory Auditor of Arca Assicurazioni S.p.A.; Statutory Auditor of Arca Vita S.p.A.; Chief Executive Officer of Carimonte Holding S.p.A.; Statutory Auditor of Cooperare S.p.A.; Chairman of the Board of Statutory Auditors of Cooperativa Immobiliare Modenese – C.I.M. Soc. Coop.; Chairman of the Board of Statutory Auditors of Impresa di Investimenti Innovativi S.p.A.; Statutory Auditor of Popolare Vita S.p.A.; Chairman of the Board of Directors of Società Gestioni Crediti Delta S.p.A.; Chairman of the Board of Statutory Auditors of Unipol Finance S.r.l.;
Luciana Ravicini	Alternate Auditor	Statutory Auditor of A.L.M.A.G. S.p.A. Azienda Lavorazioni Metallurgiche ed Affini Gnutti; Statutory Auditor of Alfaevolution Technology S.p.A.; Statutory Auditor of Autobase S.r.l.; Statutory Auditor of Bival S.p.A.; .Chairman of the Board of Statutory Auditors of Bonera S.p.A.; Statutory Auditor of Brawo S.p.A.; Statutory Auditor of Doc Servizi Soc Coop; Statutory Auditor of Finsippe S.r.l.; Statutory Auditor of Italmobiliare S.p.A.; Statutory Auditor of Pronto Assistance Servizi società consortile a r.l.; Statutory Auditor of Saottini Auto S.p.A.; Chairman of the Board of

Name	Position	Main positions held by Statutory Auditors outside UnipolSai
		Statutory Auditors of Serum Italia S.p.A.; Statutory Auditor of Sige S.r.l.
Donatella Busso	Alternate Auditor	Advisor of Banca 5 S.p.A.; Advisor of Dea Capital S.p.A.; Advisor Prima Industrie S.p.A.; Advisor Umbra Cuscinetti S.p.A.; Chairman of the Board of Statutory Auditors of Candioli Farmaceutici S.p.A.; Statutory Auditor of Sfoglia Torino S.r.l.

### ***Surveillance Body/Model pursuant to Legislative Decree No. 231/2001***

Legislative Decree No. 231 of 8 June 2001, as amended (**Legislative Decree No. 231/2001**) introduced into the Italian legal system a specific type of corporate liability for certain criminal offences committed in the interests or for the benefit of corporate and other legal entities. In accordance with the provisions of Legislative Decree No. 231/2001, UnipolSai has adopted appropriate measures aimed at preventing the commission of any such offence by directors, auditors, management or employees. On 6 October 2016, the Board of Directors of UnipolSai approved an amendment to the organisational and management model as per Legislative Decree No. 231/2001 (the **Model**). The Model provides for, *inter alia*, the establishment of a surveillance body (the **Surveillance Body**).

The current Surveillance Body of UnipolSai is composed of five members, being (i) three members from the Control and Risks Committee, non-executive and independent Directors; and (ii) two external members, who can be either adequately qualified and experienced professionals, or senior managers holding the office of head of Compliance and/or head of Audit.

### ***Potential conflicts of interest***

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

### ***Transactions with related parties***

On 6 October 2016, the Board of Directors, after receiving the favourable opinion of the Related Party Transactions Committee, amended the “Procedure for related party transactions” that regulates the approval and the execution of transactions with related parties entered into by UnipolSai, directly or through its subsidiaries, which was adopted in accordance with Article 2391-*bis* of the Italian Civil Code and the implementing CONSOB Regulation No. 17221 of 12 March 2010 (as subsequently amended by CONSOB Regulation No. 17389 of 23 June 2010). For further information, see “*Procedure for related parties transactions*”, available on UnipolSai’s website at: <http://www.unipolsai.com/en/Governance/related-party-transactions/Pages/default.aspx>.

### ***Internal control and risk management system***

The solvency of the insurance business and its stability depend on solid corporate governance and a properly functioning internal control and risk management system. UnipolSai has adopted an internal control and risk management system with the aim of ensuring that the main risks it and its subsidiaries are exposed to are correctly identified, measured, managed and monitored. The system also comprises a set of rules, procedures and organisational units aimed at, *inter alia*, ensuring the effectiveness and efficiency of the corporate processes; preventing the risk of involvement in illegal activities, in particular those related to money laundering, usury and terrorism financing; preventing potential conflicts of interests with related and associated parties and the correct management thereof; ensuring the reliability and completeness of information provided to the corporate bodies and the market; compliance of business activities and transactions carried out on behalf of customers with laws and regulations, corporate governance codes and internal company provisions.

The internal control and risk management system undergoes regular assessment and review in line with the development of business operations and the reference context.

As part of its internal control and risk management system, UnipolSai has in place Corporate Control Functions (Risk Management, Internal Audit and Compliance), each of which reports directly to the Board of Directors and operates under the coordination of the Chairman of the Board of Directors as the manager in charge of supervising the overall functioning and adequacy of the internal control and risk management system, pursuant to the corporate governance code for listed companies.

In addition to the Corporate Control Functions, other bodies and entities are involved in the internal control and management system: the Board of Statutory Auditors, the board committees, senior management, the surveillance body set up pursuant to Legislative Decree 231/2001, the manager in charge of financial reporting, the Compliance and Anti-money Laundering Function and the Actuarial Function.

### ***Risk Management Function***

The Board of Directors establishes the guiding principles for the risk management system, ensuring that it provides for the identification, evaluation and control of the most significant risks, meaning those risks which could undermine the solvency of the business or represent a serious barrier to achieving the business objectives.

Within the risk management system, the Risk Management Function is responsible for the on-going identification, measurement, assessment and monitoring of current and forward-looking risks, at an individual and aggregate level, that UnipolSai and its subsidiaries are or may be exposed to and any interdependencies. Its tasks include, *inter alia*, (i) helping define the risk measurement methodologies, (ii) verifying the information flows which are necessary to ensure the timely control of exposure to risks and the immediate reporting of anomalies, (iii) establishing a mechanism for reporting to the Board of Directors, senior management and the managers of the operational entities concerning changes to risks and violations of established operating limits and (iv) verifying that the risk management models are consistent with UnipolSai's operations, as well as implementing certain stress tests.

The complete risk management process is outlined in the Group's policies, in particular, the "Risk Management Policy", the "Current and Forward-Looking Risk Assessment Policy" and the "Operational Risk Management Policy".

### ***ORSA***

Through the own risk and solvency assessment, the Group pursues the following objectives:

- to highlight the link between the business strategy, the capital allocation process and the risk profile;
- to obtain an overall view of all risks to which the Group and the companies are exposed or could be exposed to in the future, and the current and forward-looking solvency;
- to provide to the board of directors and senior management an evaluation of the design and effectiveness of the risk management system, identify any deficiency and suggest remedial actions.

In particular, the objectives of the current evaluation are achieved by measuring the capital required according to legal and regulatory provisions and on the basis of the Solvency II requirements, making use of both the Partial Internal Model that has been approved by IVASS and the Standard Formula; and evaluating the capital adequacy of the Group and the companies on the basis of the results obtained. The current evaluation provides the monitoring of the indicators specified in the Risk Appetite and is carried out at least once a quarter and each time there are circumstances that could lead to a substantial change in the risk profile.

The objectives of the forward-looking evaluation are pursued through ORSA, which allows the analysis of the risk profile of the Group based on strategy, market scenarios and business trends. The ORSA Report is prepared after the end of each reference year and submitted to IVASS following internal approval of the report.

### ***Partial Internal Model***

UnipolSai received authorisation from IVASS to use the 'Partial Internal Model' for calculating individual Solvency Capital Requirement with effect from 31 December 2016. For further information, see the paragraph headed "*Business of the UnipolSai Group – Other information relating to the insurance sector – Approval of the Partial Internal Model for SCR calculation*" above.

The Partial Internal Model is also used in the risk management system and in the decision-making process as a tool to support decisions of strategic relevance, and is used for the definition and quarterly monitoring of the Risk Appetite.

The governance, update and validation of the Partial Internal Model are regulated by policies adopted by the Board of Directors and subject to regular updates, last update being October/November 2016.

### ***Audit Function***

The Audit Function assesses the completeness, functionality and suitability of the internal control and risk management system according to the nature of the business activities and the level of risks undertaken, as well as the need for corrective measure, also through activities of support and consultancy to the other corporate functions.

The Audit Function periodically reports the results of the assessment to the Board of Directors, the Control and Risks Committee, the Board of Statutory Auditors and the senior management of the Group.

### ***Compliance Function***

The Compliance Function has the role of assessing, according to a risk-based approach, the adequacy of procedures, processes, policies and internal organisation in order to prevent the risk of non-compliance, that is the risk of incurring legal or administrative sanctions, material financial loss or reputational damage resulting from the violation of mandatory laws, regulations or provisions of supervisory authority or self-governance rules such as by-laws, codes of conduct, corporate governance codes, internal policies and corporate communications rules.

### ***Actuarial Function***

The Actuarial Function has the main task of verifying, pursuant to Solvency II provisions, the suitability of the technical provisions, the reliability and adequacy of the data used to calculate these provisions and assessing the suitability of the overall underwriting policy and the reinsurance agreements, pursuant to the provisions of Legislative Decree No. 209 of 7 September 2005, as amended, implementing the Solvency II Directive. The Actuarial Function reports directly to the Board of Directors to whom it delivers a written report annually documenting all activities carried out and their outcome, identifying any significant deficiency, also in regard to the quality of the data, and recommending ways to address them and to increase the quality and quantity of available data. The Actuarial Function also reports promptly to the board on any element identified as a result of activities carried out that may have a significant impact on the financial condition of the company.

### ***Independent auditors***

The independent auditors ascertain whether the accounting records are properly maintained and faithfully record the results of operations. They also determine whether the statutory financial statements and consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the Board of Directors may ask them to perform, provided they are not incompatible with their audit assignment.

UnipolSai's current independent auditors are PricewaterhouseCoopers S.p.A., with registered office at Via Monte Rosa, 91, 20149 Milan (**PwC**).

PwC is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) kept by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree no. 39 of 27 January 2010. PwC is also a member of the ASSIREVI (*Associazione Nazionale Revisori Contabili*), the Italian association of auditing firms.

PwC's current appointment has been confirmed for the period 2013 to 2021.

## LITIGATION

As part of the ordinary course of business, companies within the UnipolSai Group are and may in the future be subject to a number of administrative, civil, regulatory, criminal and tax proceedings relating to their activities. UnipolSai has conducted a review of its ongoing litigation and has made what it considers to be appropriate provisions in its consolidated financial statements when a loss is certain or probable and reasonably estimable, in accordance with applicable accounting principles and procedures governing the preparation of financial statements. Notwithstanding the foregoing, it cannot be excluded that the occurrence of new developments, facts and circumstances that, as at the date of this Base Prospectus, are not predictable may result in such provisions being inadequate. In certain cases, where the negative outcome of disputes was considered to be only a remote possibility, no specific provisions were made in the Issuer's consolidated financial statements. In addition, UnipolSai and its subsidiaries are and may be involved in certain proceedings for which no provisions for contingent liabilities were made as the impact of any negative outcome could not be estimated.

For further information on legal proceedings involving the companies belonging to the UnipolSai Group, see the section headed "*Notes to the Statement of Financial Position – Provisions and potential liabilities*" on pages 108 to 113 of the consolidated financial statements of the Issuer as at and for the year ended 31 December 2016 and the section headed "*Notes to the Statement of Financial Position – Provisions and potential liabilities*" on pages 63 to 64 of the consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2017, both of which are incorporated by reference into this Base Prospectus (see section "*Documents Incorporated by Reference*" above).

## TAXATION

*The following is a general description of certain Italian, EU and United States tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the laws and/or practice as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, which could be made on a retroactive basis.*

### Taxation in the Republic of Italy

#### *Tax treatment of the Notes*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the repayment amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued by Italian companies with shares traded on a EU or EEA regulated market or multilateral trading facility. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian insurance companies (other than shares and assimilated instruments), as set out by Article 2(22)(22-bis) of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013.

#### *Italian resident Noteholders*

Where the Italian resident Noteholder is: (a) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected (unless he has opted for the application of the *risparmio gestito* regime - see under "*Capital gains tax*", below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

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, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016 (the **Finance Act 2017**).

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation (and, in certain circumstances, depending on the status of the Noteholder, also to



the regional tax on productive activities - *imposta regionale sulle attività produttive* - regulated on the basis of the Legislative Decree No. 446 of 15 December 1997 (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into Law No. 410 of 23 November 2001 (**Decree 351**), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 or to Italian real estate investment companies with fixed capital (**Real Estate SICAFs**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the SICAV (the **Fund**) or (ii) their manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, interest, premium and other income 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. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-98) of Finance Act 2017.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must: (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (b) intervene, 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 any entity paying interest to a Noteholder.

#### *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either: (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decrees issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (the **White List**); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which is included in the White List, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or, in any case, at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes, or the coupons 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) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares eligibility to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree of 12 December 2001.

### ***Atypical Securities***

Interest payments relating to Notes that are not deemed to be bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent.. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in 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 Italian withholding tax on proceeds received under Notes classifying as atypical securities, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Finance Act 2017.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership, or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

### ***Capital gains tax***

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

Where an Italian resident Noteholder is: (i) an individual not holding the Notes in connection with an entrepreneurial activity; (ii) a non-commercial partnership; or (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. and, as of 1 July 2014, pursuant to Decree 66, at a rate of 26 per cent. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in 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 Italian capital gain taxes,

including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Finance Act 2017.

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

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Law Decree No. 66 of 24 April 2014, published in the Official Gazette No. 95 of 24 April 2014 (**Decree 66**), capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to: (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. Please note that for a non-Italian resident, the *risparmio amministrato* regime shall automatically apply, unless it expressly waives this regime, where the Notes are deposited in custody or administration with an Italian resident authorised financial intermediary or permanent establishment in Italy of a foreign intermediary. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return. Pursuant to Decree 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including Notes, to an authorised intermediary and have opted for the so-called "*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 a 26 per cent. substitute tax, to be paid 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 increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return. Pursuant to Decree 66, decreases in value of the management assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of 76.92 per cent. of the decreases in value registered from 1 January 2012 to 30 June 2014.

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. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-98) of Finance Act 2017.

Any capital gains realised by an Italian resident real estate fund or a Real Estate SICAF to which the provisions of Decree 351, as subsequently amended, apply will be subject to neither *imposta sostitutiva* nor to any other income tax at the level of the real estate fund or the Real Estate SICAF.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets.

Capital gains realised by non-Italian resident Noteholders from the sale, early redemption or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which is included in the White List; (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; (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 which is resident in a country which is included in the White List, even if it does not possess the status of a taxpayer in its own country of residence.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer 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 connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary, may be required to produce in due time to the Italian authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence.

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

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

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

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

### ***Transfer tax***

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### ***Stamp duty***

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed €14,000 for taxpayers different from 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.

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. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory.

### ***Wealth tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes, if any, paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### ***Tax monitoring***

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as recently amended by Law No. 97 of 6 August 2013, individuals non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of TUIR) resident in Italy who hold directly or indirectly investments abroad or have financial activities abroad (including the Notes) must disclose the aforesaid and related transactions to the Italian tax authorities.

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 their 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 having an aggregate value not exceeding an €15,000 threshold throughout the year. Such obligation is limited to the amount of securities held abroad at the end of each tax year with no obligation to report inbound and outbound transfers and other transfers occurring abroad in relation to securities..

### ***Luxembourg Taxation***

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.



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

### ***Withholding Tax***

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

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

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

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

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

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

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a “foreign financial institution” may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) 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 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under “Terms and Conditions—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 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 the U.S.-Italy IGA, 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 the Issuer and to payments they may receive in connection with the Notes.**

#### **The proposed European Union financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common EU 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. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in 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 the 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 Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 2 February 2018, as modified, and/or supplemented and/or restated from time to time (the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, if Category 2 is specified in the Final Terms, to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable and will confirm whether the Issuer is Category 1 or Category 2 for the purposes of Regulation S under the Securities Act.

If Category 2 is specified in the Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, 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.

Accordingly, if Category 1 is specified in the Final Terms, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such 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***

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 the Base Prospectus as completed by the Final Terms in relation thereto 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, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any **Relevant Member State** means 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

## United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (**FSMA**) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Japan

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

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

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

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or any other document relating to the Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 9 November 2017. The issue of Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's by-laws. Each issuance resolution (*delibera di emissione*) shall be passed in notarial form and registered in the competent Companies' Register (*Registro delle Imprese*).

### Listing of Notes, admission to trading and approval

An application has been made to the CSSF to approve this document as a base prospectus. An application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange during the period of 12 months following the date of this Base Prospectus. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

The Issuer may also issue Notes not admitted to trading on any market.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the by-laws (*statuto*) (with an English translation thereof) of the Issuer;
- (b) a copy of each document incorporated by reference in this Base Prospectus;
- (c) the consolidated audited annual financial statements of the Issuer in respect of the financial years ended 31 December 2015 and 31 December 2016 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (d) the consolidated unaudited interim financial statements of the Issuer for the six months ended 30 June 2017 (with an English translation thereof), together with the review report prepared in connection therewith;
- (e) the press release headed “UnipolSai: Approval of Consolidated Results at 30 September 2017” and the presentation relating to the interim consolidated results of the UnipolSai Group as at and for the nine-month period ended 30 September 2017 headed “9M17 Consolidated results presentation – Unipol and UnipolSai”, both dated 10 November 2017 and each incorporated by reference in this Base Prospectus;
- (f) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (g) a copy of this Base Prospectus; and
- (h) any supplements to this Base Prospectus and any other documents incorporated by reference herein or therein by reference and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Paying Agent as to its holding of Notes and identity).



In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### **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 appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for Determining Price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Adverse Change**

Save as disclosed in the section headed "*Description of the Issuer – Recent Developments*", there has been no significant change in the financial or trading position of the Group since 30 June 2017 and no material adverse change in the prospects of the Group since 31 December 2016.

### **Litigation**

Save as disclosed in the section headed "*Description of the Issuer – Litigation*", neither the Issuer nor any of its consolidated subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

### **Auditors**

The current auditors of the Issuer are PricewaterhouseCoopers S.p.A., who have audited the Issuer's consolidated accounts, without qualification, in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union for the financial years ended on 31 December 2016 and 31 December 2015, and reviewed the Issuer's consolidated half-yearly accounts, without qualification, for the six-month period ended on 30 June 2017. The auditors of the Issuer have no material interest in the Issuer.

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

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions (including the provision of loan facilities) and other related transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations 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 Dealers and 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 for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their 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 issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and 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, the term 'affiliates' also includes parent companies.

## **ISSUER**

### **UnipolSai Assicurazioni S.p.A.**

Via Stalingrado 45  
40128 Bologna  
Italy

## **ISSUING AND PRINCIPAL PAYING AGENT**

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

60, Avenue J. F. Kennedy  
L-2085 Luxembourg  
Grand Duchy of Luxembourg

## **ARRANGERS**

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

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

Piazzetta Enrico Cuccia, 1  
20121 Milan  
Italy

## **DEALERS**

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

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

Piazzetta Enrico Cuccia, 1  
20121 Milan  
Italy

### **UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

## **LISTING AGENT**

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

60, Avenue J. F. Kennedy  
L-2085 Luxembourg  
Grand Duchy of Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to Italian law*

**Studio Legale RCC**

Via Boschetti 1

20121 Milan

Italy

*To the Dealers as to English and Italian law*

**Allen & Overy**

Via Manzoni, 41

20121 Milan

Italy

Corso Vittorio Emanuele II, 284

00186 Rome

Italy

## **AUDITORS**

*To the Issuer*

**PricewaterhouseCoopers S.p.A.**

Via Monte Rosa, 91

20149 Milan

Italy